



COMMONWEALTH OF KENTUCKY  
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JAN 31 2006

PUBLIC SERVICE  
COMMISSION

January 31, 2006

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission:

RE: Case No. 2005-00187

Dear Ms. O'Donnell:

This is to notify you that our office is on this date filing the originals and one copy of the depositions taken in the above-referenced matter on December 19-20, 2005. Two different court reporters transcribed the depositions. We received the first five transcripts on or about January 20, 2005, but elected not to file them until we received the remaining transcripts. As of this date, they have all been received, hence this filing. Please feel free to contact us should you have any questions.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Lawrence W. Cook".

Lawrence W. Cook  
Assistant Attorney General  
Office of Rate Intervention



Original

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JAN 31 2006

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
 ) DEPOSITION TAKEN ON BEHALF  
 ) OF ATTORNEY GENERAL - BY  
 ) NOTICE  
 ADJUSTMENT OF RATES )  
 OF CUMBERLAND VALLEY )  
 ELECTRIC, INC. )  
 )  
 ) WITNESS:  
 CASE NUMBER 2005-00187 )  
 ) MARY W. HERREN  
 )

The deposition of MARY W. HERREN was taken before Theresa A. Saylor, a Notary Public in and for the State of Kentucky at Large, on Tuesday, December 20, 2005, commencing at the approximate hour of 2:30 o'clock p.m., at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky. Said deposition was taken pursuant to notice, heretofore filed, same to be filed as evidence herein on behalf of the Attorney General for purposes of discovery and for all purposes permitted by the Kentucky Rules of Civil Procedure.

**THEHERESA A. SAYLOR**  
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FORM FED

APPEARANCES:

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Frankfort, Kentucky 40601-8204

W. PATRICK HAUSER, ESQUIRE  
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Barbourville, Kentucky 40906

ATTORNEY FOR CUMBERLAND VALLEY  
ELECTRIC, INC.

ALSO PRESENT:

ANITA MITCHELL, ESQUIRE  
MS. ANDREA E. EDWARDS  
MR. ELLE R. RUSSELL  
Public Service Commission

MR. TED HAMPTON  
MR. JIM ATKINS  
Cumberland Valley Electric, Inc.

MR. DARWIN SEBASTIEN  
Attorney General's Office

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The witness, MARY W. HERREN, having first been duly sworn according to law, was examined and testified as follows:

**DIRECT EXAMINATION**

**By Mr. Cook:**

D1 Ms. Herren, could you please spell your name for the Court Reporter?

A M-a-r-y.

D2 And your last name?

A Initial W. My last name is H-e-r-r-e-n.

D3 Great. Thank you very much. May I call you Mary, or would you prefer for me to call you Ms. Herren?

A Mary.

D4 Mary, my name is Larry Cook. I'm with the Attorney General's office. This is my boss, Dennis Howard.

MR. HOWARD: Ma'am.

D5 I'm going to ask these other people at the table to introduce themselves to you.

MS. MITCHELL: I'm Anita Mitchell from the Public Service Commission.

MS. EDWARDS: Andrea Edwards with the Public Service

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Commission.

MR. RUSSELL: Elle Russell with the Kentucky Public Service Commission.

MR. HAUSER: You know Mr. Hampton. This is Mr. Jim Atkins, I don't know if you know him or not, and Pat Hauser. Of course, we're all Cumberland Valley Electric.

MR. HOWARD: We also have Darwin Sebastien from the Attorney General's office as well.

D6 All right. I don't know if you know or not, but Cumberland Valley has filed for a rate increase with the Kentucky Public Service Commission, so that brings us here today because we're asking some questions about CVE's business practices. Okay. Have you ever given your deposition before?

A [WITNESS NODS HEAD, INDICATING NO]

D7 Okay. That's all right. One thing, if you're like me in a setting like this if you're answering questions, sometimes I nod my head or I shake my head. The only thing is for a deposition you have to say yes or no.

A Okay.

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D8 Because when she's taking this information down, it doesn't translates into the record that way.

A Okay.

D9 Thank you. Also if I ask a question and if you don't understand it, feel free to speak up and let me know and I'll try to rephrase it or repeat it. Otherwise we'll assume that you did understand the question.

A Okay.

D10 Okay. Now, from time to time, the other attorneys in the room might have an objection to a question, and if that occurs, then they will go ahead and give the basis for their objection and the Court Reporter will be writing it down, and after they finish, then you can go ahead and answer the question.

A Okay.

D11 Okay. Mary, do you realize that you are under oath today?

A Yes.

D12 Okay. Are you taking any medications or any other substance that might either prevent you from providing honest and accurate answers or

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which could interfere with your recollection?  
A I don't think so, but I am on medication.  
D13 Okay.  
A But I think I'll be all right.  
D14 All right. Great. Thank you very much. Your  
coming here today, is that in response to a  
Subpoena that was served on you?  
A Yes.  
D15 I understand. Could you tell us about your  
educational background?  
A I completed high school, and I have nine hours  
of college.  
D16 All right. Are you currently employed, Mary?  
A No.  
D17 Okay. Did you have opportunity to work with  
Cumberland Valley?  
A Yes, a number of years.  
D18 About how many years?  
A I had started my forty-sixth year when I  
retired.  
D19 Wow. That's a lot.  
A That's a long time. A short time.  
D20 So you worked there pretty much most of your

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working career then?

A Right.

D21 Wow. That's great. I wanted to ask you if anybody, if Mr. Hauser who represents Cumberland Valley, if he or anybody else at the company, have they ever tried to contact you about your testimony today?

A No.

D22 Has anybody ever suggested to you that you should be forgetful or have amnesia?

A No.

D23 Okay. When you worked at CVE, did they ever ask you to sign a document saying that you would never provide any testimony to any court or the PSC?

A No.

D24 Okay. All right. Tell me about what your responsibilities at CVE were. By the way, I'm going to refer to Cumberland Valley as CVE if that's okay.

A That's fine.

D25 Okay.

A At the last?

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D26

Yeah.

A

I was purchasing and in safety.

D27

Purchasing and safety?

A

Right.

D28

Okay. Is that the same area or is that two different--

A

It's two different.

D29

Okay. What about going backwards in terms of your responsibilities? What else did you do?

A

Before that I was secretary to Mr. Hampton. Before that I was a cashier when I first started. Then I went to secretary to William Hampton and then when Ted came in, Mr. Hampton, I was his secretary.

D30

All right. I understand. Who was William Hampton?

A

He was the manager when I first started.

D31

Was that Jay Hampton?

A

No.

D32

Okay.

A

It was Jay Hampton's father.

D33

Okay. Is that Ted's father, too, or somebody else?

- A No, it wasn't Ted's father. It was Ted's uncle I believe.
- D34 All right. I understand. I would imagine that during those forty-six years at CVE you probably had opportunity in one way or another to work with almost everybody there. Is that correct?
- A Right.
- D35 Okay. Does that include Ted Hampton, too?
- A Yes.
- D36 All right. In the course of your work there did you ever come to know a man named Ken Lay?
- A Yes.
- D37 Did he ever work at CVE?
- A Yes.
- D38 Do you know what he did at CVE?
- A I think he was a serviceman at one time.
- D39 Okay. Do you know does Mr. Lay own a company?
- A Yes.
- D40 Do you know the name of the company?
- A Lay's Tree and Brush I believe.
- D41 Okay.
- A I think that's what it was.
- D42 All right. Do you know whether that company

does any work with CVE?

A At the time of my retirement it did. I'm not sure now.

D43 At the time of your retirement do you know what Mr. Lay's company was doing?

A He was removing trees. He was right of way.

D44 All right. I understand. Now, did you have any knowledge about any billing arrangements between Mr. Lay's company and CVE?

A No.

D45 Do you know how Mr. Lay's company was paid for their services to CVE?

A No, I don't.

D46 Do you know whether Mr. Lay provided the equipment that he used to perform the services for CVE?

A No, I don't.

D47 Do you know whether CVE ever provided any of the equipment for him to use?

A I don't know that either.

D48 Just one moment.

A Okay.

D49 Thank you. Are you familiar with an entity

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known as C and C Automotive Center?

A C and C Automotive.

D50 I believe it's located at 3877 South U.S. Highway 25-E in Barbourville.

A No.

D51 You've never heard of that?

A Not as that. I might have something else, but not as you asked me there.

D52 Okay.

A I'm not sure even what it is, so....

D53 So you just don't have any recollection of that at all? Is that what you're saying?

A No, I don't.

D54 Okay. I think I understand. Okay. Do you know whether CVE ever put out any bids for work when it was time to have more right of way work done?

A No, I don't know.

D55 Do you know anything about CVE's bidding practices?

A No.

D56 Okay. Do you know who at CVE was responsible for business relations with Ken Lay's company?

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A That was out of my department. I don't know.

D57 Okay. All right. Did you ever attend any employee meetings that were held by Ted Hampton?

A Yes.

D58 Okay. Were other employees also present at those meetings, too?

A Yes.

D59 Okay. At any of those meetings can you recall whether anyone made any suggestions about ways to reduce costs in the right of way program?

A No, I didn't....I wasn't in on any of the meetings with right of way.

D60 Okay. Were there ever any company wide meetings where everybody at the office at least was--

A No.

D61 Okay. All right. Do you know whether the company ever purchased a bulldozer?

A I don't remember.

D62 Okay. You don't have any knowledge of that?

A No, I don't.

D63 Okay. All right. Do you know who Ronnie Corey is?

A Yes.

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D64                   How did you come to know him?

A                     He worked for Cumberland Valley.

D65                   Was he an employee?

A                     At one time, yes, and then he was a contractor  
                      when I left.

D66                   All right.   When he was an employee, do you  
                      remember what he did?

A                     I think he was a serviceman.

D67                   All right.

A                     That's been quite a while ago.

D68                   A serviceman being like a lineman?

A                     Yes.

D69                   All right.   Do you know whether Mr. Corey owns  
                      a business today?

A                     No, I don't.   He did at the time I left, but  
                      today I don't know.

D70                   Okay.   At the time you left do you remember the  
                      name of that company?   If you don't remember,  
                      it's okay.   You can just say.   It's all right  
                      because we understand.

A                     No, I don't.

D71                   Does the name Five C Construction mean anything  
                      to you?

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A Yes, yes, it does.

D72 So you believe that that's what it was?

A I think that's what it was.

D73 Okay. All right. Do you know who the accountant for Five C Construction was?

A No, I don't.

D74 Okay. Do you know who the accountant was for CVE?

A At one time it was Cloyd's in Corbin, but there at the last I don't know after they went out.

D75 Does the name Wayne Bryant mean anything to you?

A Yes.

D76 How did you come to know him?

A He was employed there for a number of years.

D77 Okay. Do you know what he did?

A He was in the accounting department.

D78 This company you mentioned before, how do you spell that? C-1?

A Cloyd's, C-l-o-y-d.

D79 Okay. Was that like many years ago?

A It's been quite a few years ago.

D80 Okay. All right.

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A I didn't have anything to do with that part of it is the reason I don't remember there at the last.

D81 I understand. Okay. Are you familiar with a man named John Rex Hampton?

A Yes.

D82 How did you come to know him?

A Well, I've known him a long, long time.

D83 Okay.

A His brothers and his wife and....

D84 Is John Rex related to Ted Hampton?

A Yes.

D85 How so?

A They're brothers.

D86 They're brothers?

A Uh-huh.

D87 Do you know whether John Rex Hampton was ever employed at CVE?

A To my knowledge, no.

D88 All right. Do you know whether John Rex Hampton ever did any work perhaps as a contractor for CVE?

A No, I don't.

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D89 All right. Do you know whether John Rex Hampton is married?

A Yes.

D90 Do you know the name of his wife?

A Yes.

D91 What is her name?

A Karen.

D92 Does she work for CVE?

A She works for Cumberland Valley.

D93 What does she do there?

A She....I don't really know what her title is.

D94 Okay. That's all right. Do you know what area she works in?

A No.

D95 Is it in the office, general office?

A She's in the office, where our office is, but as far as her title, I don't know.

D96 Okay. I understand. In the course of your working there, did you ever hear of a company that went by the letters of SECC?

A SECC.

D97 Does that ring a bell?

A Not those initials, no.

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D98

All right.

A

I'm sorry.

D99

That's all right. I understand. If you don't remember, that's no problem. We understand. We appreciate your speaking up about that, too, if you don't remember. Do you know anything about a company that is called Southeast Petroleum?

A

Yes. It was a gas company.

D100

Did CVE do any business with Southeast Petroleum?

A

We bought fuel from them.

D101

Okay. Roughly how long did that relationship go on?

A

I don't know how long. It's been some time back.

D102

Do you think it was a matter of weeks or was more like a matter of years, or do you have any....

A

A year or two maybe.

D103

Okay. Do you know whether....do you know who owned that company?

A

As far as really knowing who owns it, no. I heard.

D104           What was it that you heard?

A               That John Rex owned it.

D105           Okay. Do you have any recollection of who you heard that from?

A               No. It was just common.

D106           Common knowledge?

A               Common talk, common knowledge.

D107           Okay. I understand. All right. Do you have any knowledge back at the time that you worked there when CVE went about to purchase fuel from different vendors, would they let out bids for that?

A               I think so. I didn't, but--

D108           Okay. You yourself didn't. Have you ever heard of a different company called Southeast Petro Mart?

A               I'm thinking that that was a little gas station. I'm not sure of that either.

D109           Do you have any recollection of who ran or who owned that company?

A               If it's what I'm thinking, John Rex did.

D110           All right. To your knowledge, did that company also provide fuel to CVE?

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A I think we've gassed up there.

D111 Okay.

A If it's the little station I'm thinking about.

D112 To your knowledge, does that gas station still exist?

A No.

D113 Has it been torn down?

A Yes.

D114 To your knowledge, is there anything on that property where it once was?

A I don't think so.

D115 Okay.

A I'm not up this way. Since I live in Corbin, I'm never up this far, but I don't think there is anything there.

D116 Okay. I understand. Do you know whereabouts that might have been located? Was it like on 25?

A It was on Cumberland Gap Parkway there on the right coming out of Corbin. It's a right coming out of Barbourville there as you're going toward Pineville.

D117 All right. Do you know maybe what the nearest

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cross street was?

A No. I'm not that familiar with the streets up here.

D118 I understand.

A That's as far as I got from the office from Corbin.

D119 I'm sorry. She had to change the tape. You say that was as far as you got?

A Yeah. I hardly ever come up.

D120 Okay. Did you ever hear of another company that was called Southeast Transport?

A I don't think so.

D121 Did you ever see any semi trucks that would park there at the CVE property?

A Yes.

D122 Okay. How often did that happen roughly?

A I haven't seen them there three or four times.

D123 For a while?

A It's been a long time since I've seen them, but three or four times probably at the most.

D124 All right. Do you know whether any of CVE's employees would work on those trucks?

A No, I don't.

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D125            Okay. Do you know whether anyone at CVE ever performed any bookkeeping operations for a trucking company?

A                No, I don't.

D126            Okay. Have you ever heard of a company called Knox Auto Parts?

A                Yes.

D127            Okay. How did you come to hear of them?

A                We purchased some materials there or some hardware or tools or what have you.

D128            Okay. For about how long did that relationship last? Again I understand we're talking a long time ago, but if you were to say was it a matter of weeks or a matter of years? Would you say it was either one?

A                I don't know how long they were in business, but we done business with them while they were in business.

D129            Was it a pretty regular occurrence to do business with them, like maybe once a month or something like that?

A                I'd say once a month maybe.

D130            Okay. How long were you in purchasing?

A That's a good question.

D131 Well, you can give an approximation. We're not looking for an exact. We understand.

A Probably ten years, maybe twelve, maybe even fifteen.

D132 Was that towards the end of your career?

A That was at the end, yes.

D133 So what was the year you retired?

A I retired in June of 2001.

D134 So maybe fifteen years back from that, 1985 or 1986, something like that?

A I'd say.

D135 From about that time until 2001 you were in purchasing?

A No. I'd say probably, and this I'm guessing now, four or five years before I retired and, like I say, this is a guesstimation of the last that we purchased from there.

D136 Okay. So let me see if I understand what you were saying.

A I don't know when they went out of business is what I'm saying.

D137 Okay. When Knox Auto went out of business?

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A Right.

D138 Okay. I understand. Okay. But you did work in the CVE purchasing area for about fifteen years, and that would have been like from 1985 to about 2001. Is that correct?

A I'm thinking that's right.

D139 I understand. All right.

A I might be way off base there.

D140 Okay. I understand. Do you have any recollection of what type of items the company would purchase from Knox Auto Parts?

A Well, mostly what I know of was like screwdrivers and pliers and just small hardware type things.

D141 All right. I understand. Do you have any, and I understand that this might be stretching it, I understand, but thinking back to those times when you did work in purchasing do you have any recollection of about say how much business in rough dollar figures that CVE transacted with Knox say on a per month basis? If you don't remember, I understand.

A I don't have any idea.

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D142 That's all right. I understand.

A That's like with the other companies. I wouldn't have any idea because at the time it really didn't mean anything to keep up with it, you know.

D143 Sure. I understand. Do you know anything about a man named Steve Hampton?

A Yes.

D144 Okay. Is Steve related in any way to Ted Hampton?

A Yes.

D145 Okay.

A Steve is Ted's nephew I believe.

D146 All right. Now, did Steve ever work at Knox Auto Parts?

A Yes.

D147 Do you know what he did there?

A I think he ran Knox Auto Parts at one time.

D148 All right. Okay. We've discussed previously, in our discussion about Knox, we talked about that the relationship ended at one point. Do you have any idea of whether there was any particular event that caused that relationship

to end?

A I think it went out of business.

D149 Okay. Do you know why it went out of business?

A No, I don't.

D150 Okay. All right. When you worked there in purchasing, was there a computer system at that time?

A Yes, at the end.

D151 Okay.

A Well, there was a computer system at the office for a long time. I had a computer sort of at the end of my career there.

D152 Okay. Were records about the company's purchasing stored in any particular place that you know of?

A It wasn't on mine, and I don't know if the other departments, any of them kept a record of it or not.

D153 You're talking about like on computers?

A Right.

D154 What about hard copy, paper records? Do you know where those might have been stored?

A No, I don't know.

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D155            Okay. Was there a conversion of computer programs that might have went on somewhere around 1997?

A                I don't really know because I don't know that much about computers.

D156            Okay.

A                I just knew enough about my computer to do what I needed to do, and other than that I don't know anything about computers, so I couldn't answer that.

D157            Okay. Towards the last few years that you worked, do you remember if there was any kind of different way for working the program or something like that with regards to any entries you made about purchasing anything?

A                No.

D158            All right. Do you know anything about a man named Elbert Hampton?

A                Yes.

D159            Do you know who he is?

A                Yes.

D160            Does he bear any relationship to Ted Hampton?

A                Yes. They're brothers.

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D161 All right. Was Elbert ever an employee of the company?

A Yes, he was. He was my supervisor.

D162 All right. Was that while you were in purchasing?

A Yes.

D163 Okay. Do you know what Elbert's title was?

A He was superintendent.

D164 All right. Is Elbert currently on the Board of Directors? Do you know?

A To my understanding, yes. That would have been after I left.

D165 After you left?

A He and I retired at the same time, but my understanding, he is on the board.

D166 Okay.

A As far as me knowing, I haven't been there since he's been on the board, but I'm told he is.

D167 I understand. Do you know whether Elbert was ever involved in any other businesses?

A No.

D168 Do you know whether he might have been involved with Knox Auto?

A            Could have been, but to my....I don't know that he was.

D169        If I were to mention the name Knox County Hospital, does that trigger your memory about perhaps any involvement he might have had there?

A            To my....I mean I don't know. That's hearsay, too, that he was connected, but I don't know how he was connected.

D170        I understand. Thank you. Do you know whether Elbert ever received any payments from CVE for any type of construction work he may have performed?

A            I would not know that.

D171        Okay. Do you know whether anyone at CVE ever filled their personal vehicle up with gasoline from the CVE stock?

A            Not to my knowledge, but that again I wouldn't know because I wouldn't ever be, you know, been there.

D172        Right. That wasn't your area?

A            No.

D173        I understand. Do you know whether anyone ever

took materials from the CVE warehouse and put them into their personal vehicles?

A I again would not know that.

D174 Okay. Did you ever hear of a company that was called Hubbs Creek?

A No.

D177 Okay. Does the name Terry McCreary mean anything to you?

A No.

D178 Did you ever get involved in the purchasing of acetylene that the company would use for welding?

A No.

D179 Okay.

A That could have come across my desk, but I don't remember it if it did.

D180 Does the name of a business called Air Gas mean anything to you?

A No.

D181 Okay. Do you have any knowledge about any work that CVE may have done that was unnecessary?

A No.

D182 Do you have any knowledge based on your

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experience there at the company of how the company spent the proceeds of RUS loans that it received?

A No, I don't.

D183 Okay. Do you know anything about a power line that was run to a cabin off of Red Bird Road?

A No.

D184 Okay. Do you know anything about a man named J.B. Johnson?

A Yes.

D185 Do you know who that is?

A He was our attorney at one time.

D186 Do you know for roughly how many years?

A Maybe five, six years.

D187 Okay.

A That's a guess.

D188 Do you know if he might own a cabin off of Red Bird Road?

A No, I don't.

D189 Have you ever heard of a man named Bill Nighbert?

A Yes.

D190 How have you come to know Bill Nighbert?

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A I don't know him.

D191 Okay.

A I just know of his name through the newspaper and I think he was mayor at Williamsburg and then I think he went on to Frankfort, but there's nothing connected with Cumberland Valley or me personally knowing him, no.

D192 Okay. I understand. Do you know anything about the laying of a power line to the Whitley County School System building?

A No, I don't.

D193 All right. In the course of your work there at Cumberland Valley, did you ever learn of any power lines being built that were not necessary?

A No, I don't, and that wouldn't be in my department where I would know or not know.

D194 I understand. Okay. While you worked there in the company, did you ever attend any of the annual meetings?

A Yes, every one of them.

D195 Oh, wow, that's a lot. What did you do there at the annual meeting?

A At the annual meeting?

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D196

Yeah.

A

We registered the members and greeted them and I took minutes of the meeting when I was secretary.

D197

Okay. Do you have any knowledge about how someone can get to be on the Cumberland Valley Board of Directors?

A

No.

D198

Okay. When you were present at any of these annual meetings, did you ever hear any announcements being made that it was time for the election to the Board of Directors?

A

Yes.

D199

Were there ballot boxes made available?

A

I don't think so.

D200

Okay. All right. Do you know how the Board of Directors were nominated?

A

Yeah, there was a nominating committee.

D201

Okay. Who was the committee made up of?

A

A representative from the Board.

D202

Okay.

A

Each one had a committee person.

D023

All right. So it was a committee of the Board.

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Is that correct? Is that what you're saying?  
In other words, each person on that nominating  
committee was also a member of the Board of  
Directors?

A No. Each Board of Director had a person.

D204 Okay. Who they appointed?

A Right.

D205 To be on the committee?

A Right.

D206 Okay. Would that person that each Director  
appointed, were they also a CVE employee?

A No.

D207 Okay. So they were outside the company?

A Yes. Now I think I'm telling you right. I  
don't remember back over the years all of those  
members that was on it, so there's quite a few  
years back.

D208 Yeah. All those forty-six years there was quite  
a few people going back that far.

A Different ones, yes.

D209 I can understand that. Okay. I'm not sure if  
I asked this previously, so let me ask it. We  
discussed Ronnie Corey previously. Was he

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related to any former director?

A Yes.

D210 Do you know who that was?

A Harry Corey.

D211 Now, you had talked earlier about the keeping of the minutes. Was it you who actually took notes at all of the corporate meetings, or how did that work?

A You mean at the annual meetings or at our monthly meeting or what are you--

D212 Well, why don't we do both, but we'll start with the annual meeting?

A Yes, I took minutes of that.

D213 Were those your own notes that you took, or were they based on someone else's notes?

A They were my notes.

D214 Okay.

A I took the notes and typed them.

D215 Okay. Now, let's go to the other corporate meetings. How many corporate meetings were there? Do you know?

A We had a meeting once a month with the Board of Directors.

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- D216           Who kept the minutes for those meetings?
- A               I did.
- D217           Okay. You kept them and were they based on notes  
                 that somebody else took?
- A               For years I took them and typed them up, and  
                 there was a few that was at night and I didn't  
                 attend, but I typed them up later.
- D218           Okay. You typed them up, and who was the person  
                 who actually took those?
- A               I think Ted, Mr. Hampton did.
- D219           All right. Did anybody in the company ever tell  
                 you what the minutes should say?
- A               No.
- D220           Did you ever hear about times when the company  
                 might sell a truck, maybe one that had been  
                 involved in an accident and they decided to  
                 sell, put it up for bid?
- A               Yes.
- D221           Did you ever....were you aware of any incidents  
                 in which there was a truck that was involved in  
                 an accident that later was put up for bids?
- A               I don't remember one being in an accident  
                 specifically, but we did take bids on trucks

periodically, sealed bids.

D222

All right.

A

But I don't remember specifically one that was just wrecked that was put up for a bid.

D223

Okay. When those vehicles were put out for bids, were you involved in that process at all?

A

At times, yes.

D224

Okay. Were you aware of an incident that....I don't want to use the word incident. Were you aware of an occasion when Elbert Hampton bought one of these vehicles?

A

I don't remember Elbert buying one.

D225

All right.

A

He could have, but that might have been after, after I was involved with the sealed bids.

D226

Okay. So there was a time when you were involved with sealed bids. Is that right?

A

Yes.

D227

Was that when you were in purchasing or--

A

No, that was when I was a secretary.

D228

Okay. So you have some knowledge of how the bid system worked. Is that right?

A

Right.

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D229

Okay. When the company put a project out for bid, would it issue a notice like in the newspaper or something like that?

A

Radio and it could have been newspaper. I don't remember that, but I know that it was on the radio, sealed bids up to a certain time, and I have kept the sealed bids until they were opened at times.

D230

Okay. Now, if CVE were to put a project out for bid for which it intended to provide all of the equipment for a contractor to use but if it did not communicate that fact to all of the bidders, could that put a contractor in an advantageous position?

MR. HAUSER:

Object to this person's ability to be able to answer that question.

D231

Okay. If you know or if you don't know, whatever your answer is.

A

I don't know.

D232

Okay.

A

I wasn't involved too much with those type bids.

D233

What kind of bids were you involved in?

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A The truck bids mostly and material that I purchased monthly or weekly or as needed.

D234 Okay. So you were not involved with any like construction projects?

A The big bids.

D235 Or the yearly contractor bids?

A Right.

D236 You weren't involved with those?

A No.

D237 Do you know who was?

A No.

D238 Okay. We've talked about Knox Auto Parts.

A Uh-huh.

D239 Any of the materials that you bought from them, was there ever any bid placed for that?

A This, what we mostly bought from them was like an emergency need that I know about that the men would come in and say I need a set of pliers, channel locks, that type of thing.

D240 Okay. So it was not a big ticket item? They were pretty much miscellaneous?

A No, it was just miscellaneous small items that I know about.

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D241 All right. Okay. So for those miscellaneous things there would not be any bidding process for that?

A No.

D242 Okay.

A Now, unless it was an emergency need or a need right then, then that same item might be on my weekly bid sheet and I would take bids for those same pliers or small items might be on mine that would go out to three or four places for bids.

D243 Do you remember any of the names of the companies where some of the bids were sent to?

A Yes.

D244 Who were they?

A Tennessee Valley, Westco Electric out of Lexington. What is the name of that place at Midway? I drew a blank.

D245 That's okay.

A Electrical Sales out of Bowling Green, UUS out of Louisville.

D246 EUS?

A UUS.

D247 UUS?

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A Yes.

D248 Okay.

A They were weekly.

D249 From those companies you just mentioned what kind of materials would be purchased?

A Transformers, wire.

D250 Things that were used on the electrical grid?

A Yes.

D251 The actual utility work?

A Yes. Pliers, screwdrivers.

D252 Insulated tools perhaps?

A Right.

D253 All right.

A All kinds of tools and wire.

D255 Okay. All right. Those were the kinds of things for which you worked on bidding projects?

A Yes.

D256 I understand.

A I kept a tally of that weekly, and usually if we had very many items it would take like almost a day to get those to those places and then they give me a bid and it get back to me and we'd evaluate them and then award whatever each

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company got.

D257 All right. I understand. Okay. Now, we had talked, in the course of our conversation today, we had talked about several individuals who were related to Ted Hampton. I think one was Steve Hampton and there was Karen Hampton and Elbert and John Rex. I don't think we talked about someone named Jay Hampton, the Jay Hampton who currently works.

A Right.

D258 Do you know him?

A I know Jay. I've worked with him quite a number of years.

D259 Okay. All right. Are there any other people in the Hampton family either by blood or marriage who worked for the company that you can think of or ever have worked?

A Karen's daughter worked there a little while. I think it was like during a school break or....

D260 As a temporary?

A Right.

D261 Okay.

A I don't remember of anyone else.

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D262                    Okay. During the course of your employment with CVE did anybody ever ask you to do anything that you questioned or gave you any cause for any concern?

A                        No.

MR. COOK:                I don't have any other questions for you at this time, but some of the other attorneys might.

MR. HAUSER:             I have no questions.

MS. MITCHELL:          I have no questions.

MR. HOWARD:             Thank you, ma'am.

MR. COOK:                You're free to go. Thank you very much.

[OFF THE RECORD]

MR. HOWARD:             I'd like to make one notation, that we are sitting today at a rectangular table with counsel and representatives for the companies and the various parties have been sitting on the side of the table. The witness has been at the short end of the rectangle, and Mr. Hampton has been at the opposite end of the table. I wanted to get

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that on the record.

<><><><><>

THEREUPON, the taking of the deposition

of MARY HERREN

was concluded.

<><><><><>

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**REPORTER'S CERTIFICATE**

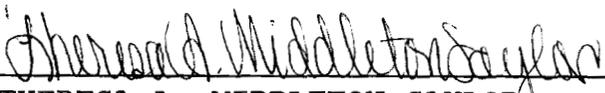
STATE OF KENTUCKY )

COUNTY OF BELL )

I, Theresa A. Middleton Saylor, a Notary Public in and for the State of Kentucky at Large, do hereby certify that the witness herein named appeared before me at the time and place stated herein; that said witness was duly sworn by me; that said witness was then examined by the attorney(s) named herein; that the testimony of said witness was taken by me in shorthand notes with electronic backup; that the testimony was reduced by me to the foregoing typewritten pages to the best of my ability; and that said pages constitute a true and accurate record of the testimony given by the witness.

I further certify that the deposition has neither been read nor signed by the witness as such was not expressly requested in accordance with the Kentucky Rules of Civil Procedure [CR 30.05]; that I am not related to, employed by, or associated with any party to this action; and that I am not financially interested in its outcome.

WITNESS MY HAND AND OFFICIAL SEAL this the 11th day of January, 2006.

  
\_\_\_\_\_  
THERESA A. MIDDLETON SAYLOR  
NOTARY PUBLIC, State of Kentucky  
My commission expires 6-12-2006

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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
 ) DEPOSITION TAKEN ON BEHALF  
 ) OF ATTORNEY GENERAL - BY  
 ) NOTICE  
 )  
 ADJUSTMENT OF RATES )  
 )  
 OF CUMBERLAND VALLEY )  
 )  
 ELECTRIC, INC. )  
 )  
 )  
 ) WITNESS:  
 CASE NUMBER 2005-00187 )  
 ) MIKE BAIRD  
 )

The deposition of MIKE BAIRD was taken before Theresa A. Saylor, a Notary Public in and for the State of Kentucky at Large, on Tuesday, December 20, 2005, commencing at the approximate hour of 10:45 o'clock a.m., at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky. Said deposition was taken pursuant to notice, heretofore filed, same to be filed as evidence herein on behalf of the Attorney General for purposes of discovery and for all purposes permitted by the Kentucky Rules of Civil Procedure.

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FORM FED

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ALSO PRESENT:

ANITA MITCHELL, ESQUIRE  
MS. ANDREA EDWARDS  
MR. ELLE R. RUSSELL  
Public Service Commission

MR. DARWIN SEBESTIEN  
Attorney General's Office

MR. TED HAMPTON  
MR. JIM ATKINS  
Cumberland Valley Electric, Inc.

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MR. COOK: Mr. Baird, my name is Larry Cook. I work for the Attorney General, Office of Rate Intervention. Seated right here to my right is my boss, Dennis Howard. I'm going to ask the other people in the room to introduce themselves to you if you don't mind.

MS. MITCHELL: I'm Anita Mitchell from the Public Service Commission.

MS. EDWARDS: Andrea Edwards with the Public Service Commission.

MR. RUSSELL: Elle Russell with the Kentucky Public Service Commission.

MR. HAUSER: You know Mr. Hampton, Mr. Atkins, Pat Hauser for Cumberland Valley Electric.

MR. HOWARD: We also have Darvin Sebestien from our office in the room.

The witness, MIKE BAIRD, having first been duly sworn according to law, was examined and testified as follows:

**DIRECT EXAMINATION**

**By Mr. Cook:**

D1 Mr. Baird, as you probably know, your company,

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Cumberland Valley Electric has filed for a rate increase with the Kentucky Public Service Commission and that's what brings us down here today. We're just asking some questions about Cumberland Valley's business practices. Now, if you don't understand any questions that are going to be asked of you, just speak up and we'll repeat them or rephrase them just so you can understand them. Otherwise we'll assume that you do understand the question. Okay?

A Okay.

D2 Also from time to time the attorneys may interrupt to pose an objection to a certain question, and if that happens the Court Reporter will mark down the grounds for the objection and after they're finished with that, you can go ahead and answer the question that was posed to you. Okay?

A All right.

D3 Have you ever given a deposition before?

A It's been a while.

D4 Okay. So you probably remember that you cannot nod your head or shake your head no. You have to

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say yes or no because it doesn't translate as she's taking it down into the record.

A Okay.

D5 All right. So do you realize that you are under oath today?

A Yes.

D6 Are you taking any medications or other substances that could prevent you from providing honest and accurate answers to our questions today?

A No.

D7 Are you taking any medications or other substances that might interfere with your recollection?

A No.

D8 All right. Is your presence here today in response to a Subpoena that was served on you?

A Pardon?

D9 Are you here today because a Subpoena was served on you?

A Yes.

D10 Could you tell us about your educational background?

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A I have a high school education.

D11 All right.

A I don't have a college degree or nothing.

D12 Okay. Are you currently employed?

A Yes.

D13 Where at?

A Cumberland Valley Electric.

D14 What do you do at Cumberland Valley?

A Warehouse, I work in the warehouse.

D15 Okay. What all does that involve?

A All of the material, you know, I stock material, take care of, you know, transformers and stuff like that and I help my superintendent, Jay, go over the list of the material we need.

D16 Okay.

A And maintenance of the warehouse if something needs to be done, basically stuff like that.

D17 Okay. I understand. When you're there at CVE, do you also sign for supplies and materials that come in to the warehouse?

A Yes.

D18 All right. When fuel is delivered to CVE, do you sign for that?

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A Yes.

D19 Are you the only person who signs for fuel?

A No.

D20 Who else might?

A Bogey McCuen.

D21 Do you know who the vendor is who delivers fuel?

A G & M Oil.

D22 Okay. How long have you worked at CVE?

A Six years.

D23 Has that been the same vendor for all the past six years?

A Yes.

D24 Okay. Have you ever heard of a company called Southeast Petroleum?

A Yes.

D25 Okay. How did you hear about them?

A Just at the warehouse, you know, just people, you know, just through the employees.

D26 Okay. Do you know how other employees came to know the company? Do you know whether they did any business with CVE?

A I don't.

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D27 You don't know?

A No.

D28 Do you work in the same building or work area as William McCuen?

A Yes.

D29 Okay. Has Mr. Hauser talked to you today?

A No.

D30 Has he talked to you in the recent past few days about your testimony here today?

A No.

D31 Has anybody else from the company talked to you about your answers?

A Not my answers. They just told me some things that was asked yesterday.

D32 Okay. Who would that have been?

A Dennis Hart, Dave Taylor, and William McCuen.

D33 Has Ted Hampton ever talked to you about what you're going to testify to today?

A No.

D34 Has anybody suggested to you that you should be forgetful or have amnesia?

A No.

D35 Are you in fear of losing your job or any other

adverse consequences if you provide truthful answers to these questions?

A No.

D36 Okay. You hesitated for a moment.

A Well, I feel like I'm under a firing squad. I'm real nervous.

D37 Okay. We'll do what we can to help you keep from being nervous. As I said earlier, the reason why we're here, we're talking about, we're going to look into CVE's business practices, okay, and so the reason why we called the employees in is to look at what the employees do and what the employees know about the company's business practices, okay, so we're not examining you. We're looking at the company, and it's all in conjunction with the company's rate, the rate case that the company filed with the Public Service Commission. So we hope to make you feel at ease. We don't want you to be nervous. If you need to take a break for any reason, just speak up.

A Okay.

D38 So you are a CVE employee.

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A Yes.

D39 We've established that. You work full time?

A Yes.

D40 Okay. During the time you've been employed by  
CVE were you also employed anywhere else?

A At the same time, together?

D41 Yes.

A No.

D42 During the course of your work with CVE, did you  
have opportunity to work with other CVE  
employees?

A Yes.

D43 Could you name who some of those employees  
were?

A I work with Dennis Hart, Dave Taylor, Randall  
Campbell, Donald Lynch, Mike Pride. I can't  
remember all of them. Jay Hampton.

D44 Okay.

A That's all I can remember.

D45 Okay. I understand. Have you also had  
opportunity to work with Ted Hampton?

A Yes, you know, I'm with him, you know, I see him  
about every day, but as far as working right

with him I don't, you know.

D46 I understand. He's not your immediate boss. Is that correct?

A Jay is.

D47 Jay is. Jay Hampton?

A Jay Hampton.

D48 I understand. During the time that you worked there at CVE, did you ever learn of a man named Ken Lay?

A Yes, I know Kenneth.

D49 How did you come to know him?

A Just being there at work, you know.

D50 Okay. Is Ken Lay an employee?

A No.

D51 Okay. Do you know if he owns a business?

A Yes.

D52 Do you know the name of his business?

A I think it's Lay Tree Trimming or Lay Tree and Brush or something like that.

D53 Okay. I understand. So does he do business with CVE?

A He does our right of way.

D54 Does the right of way?

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A Yes.

D55 Do you know him personally?

A Yes.

D56 Is he a friend of yours?

A Yes.

D57 How long have you known him?

A Probably six years pretty good, but I knew of him, you know, before that, really not real well.

D58 All right. Do you have any knowledge about the billing arrangements between Mr. Lay's company and CVE?

A No.

D59 Do you know how Mr. Lay is paid for his services?

A No.

D60 Do you know if it is like by the job or month or hourly?

A No.

D61 You don't know?

A No.

D62 Do you know whether Mr. Lay provides all of the equipment that he uses to perform the work for

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CVE?

A I don't know.

D63 Okay. Have you ever heard of a business that is called C and C Automotive Center? It's two letters, C and C.

A C and C, no.

D64 Do you know whether Mr. Lay goes there to C and C?

A I don't know.

D65 You don't know?

A I don't know.

D66 That's all right. I understand. Okay. Do you have any knowledge about any bidding practices that the company has?

A No.

D67 Have you ever been present in any employee meetings with Ted Hampton?

A Yes.

D68 During any of those meetings did you ever hear anybody make any suggestions for cutting costs in the right of way program?

A No. It's just basically a safety meeting or something like that, you know.

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D69                    Okay. Just kind of a routine thing?

A                      Right.

D70                    I understand. Do you know whether the company  
owns a bulldozer?

A                      Yes.

D71                    It does own a bulldozer?

A                      Yes.

D72                    Have you ever seen anybody using that bull  
dozer?

A                      Just the right of way crew.

D73                    Just the right of way crew, okay. Is the  
bulldozer equipped to pull a bush hog?

A                      Yes.

D74                    Okay. Is that the reason the right of way crew  
uses it, to bush hog?

A                      Yes.

D75                    Do you have any knowledge about the price of  
that bull dozer?

A                      No.

D76                    Have you ever heard of a man named Ronnie  
Corey?

A                      Yes.

D77                    How did you come to know about Ronnie Corey?

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A Working with him. He was there at the office,  
you know.

D78 Is he an employee?

A Used to be.

D79 Used to be an employee, okay. Do you know  
whether Ronnie Corey owns a business?

A He did. I don't remember the name of it.

D80 Does the name Five C Construction mean anything  
to you?

A Yes.

D81 Do you think that was his business?

A Yes, sir.

D82 Is it your understanding that he no longer owns  
that business?

A He does, you know, but he doesn't work his self.

D83 Okay.

A He has men that works for him.

D84 I understand. Okay. Do you know what kind of  
work that Five C performs?

A Line work.

D85 So do they do work for CVE also?

A Yes.

D86 Okay. Do you know who the accountant was for

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Five C?

A No.

D87 Do you know of a man named Wayne Bryant?

A Yes.

D88 Do you know who he is?

A Yes.

D89 How did you come to know him?

A I've known him for a long time. He's a good friend of mine.

D90 Okay. Did he work at CVE also?

A Yes.

D91 Do you know what he did there?

A I think bookkeeping or....

D92 All right. Do you know of a man named John Rex Hampton?

A Yes.

D93 How did you come to know him?

A Just being, you know, at the shop, you know, in the shop there, just meeting him coming in.

D94 So he'd be present there at the shop?

A Yes.

D95 Is he a CVE employee?

A No.

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D96 Okay. Is he related to Ted Hampton?  
A Yes.  
D97 Do you know how he is related?  
A Brothers.  
D98 They're brothers, okay. Is John Rex Hampton  
married?  
A Yes.  
D99 Do you know his wife's name?  
A Yes.  
D100 What is her name?  
A Karen.  
D101 Does Karen work at CVE?  
A Yes.  
D102 What does she do there?  
A Really I'm not for sure.  
D103 I understand. If you don't know, that's  
perfectly all right. Just go ahead and say and  
that's no problem. Do you know whether John Rex  
Hampton has at any time done any work either as  
a contractor or employee for CVE?  
A No.  
D104 You don't know?  
A [WITNESS NODS HEAD, INDICATING YES]

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D105 Have you ever heard of a company that goes by the four initials SECC?

A No.

D106 You're saying no?

A Right.

D107 I think I've asked you about Southeast Petroleum. Have you ever heard of a company called Southeast Trucking?

A Yes.

D108 How did you hear about Southeast Trucking?

A Just warehouse, you know, just at the warehouse, you know, that's what I heard.

D109 Did you hear people talking about Southeast Trucking?

A Yes.

D110 Okay. Did you ever see any Southeast Trucking Company trucks parked there at CVE?

A Yes.

D111 Did you ever get to know any of the guys who drove for Southeast Trucking?

A Yes.

D112 Do you know any of their names?

A It's been so long. I don't remember.

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D113

Okay.

A

I really can't remember.

D114

In terms of time frame, was this like several years ago or what?

A

Three or four, four years ago, something like that, you know.

D115

All right.

A

Four years. I'm not for sure.

D116

Do you know why the trucks were parked there? Was it to deliver cargo? Do you know why they were?

A

I never did ask.

D117

Do you know whether anybody at CVE ever worked on any of those Southeast trucks? Did Bogey McCuen?

A

As far as me seeing him work on them, no. Is that what you're saying?

D118

Yeah. I'm wondering if you ever saw anybody do any kind of work on those trucks?

A

No. I was trying to think.

D119

Have you ever heard of anybody working on those trucks?

A

Yes.

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- D120           How did you hear about that?
- A               Just talk at the warehouse.
- D121           Just talking?
- A               Yes.
- D122           So that's just your general understanding?  
Right?
- A               Right.
- D123           Okay. In your general understanding did you  
learn who worked on the trucks?
- A               William McCuen.
- D124           William McCuen, okay. Do you know who owns  
Southeast Trucking?
- A               No, really I don't.
- D125           I just want to make sure that I understand this.  
You yourself observed the trucks being parked  
there, and it's your general knowledge that you  
heard that William McCuen was working on those  
trucks?
- A               Right.
- D126           Do you also have any knowledge about when the  
times that Mr. McCuen worked on those trucks was  
he using CVE equipment since those trucks were  
right there on CVE's premises?

A No.

D127 Okay. Have you ever heard of a company called Southeast Petro Mart? Did they ever deliver any fuel?

A No.

D128 You've never heard of them?

A I've heard of them, but I mean they haven't ever delivered any fuel there.

D129 Okay. Do you recall how you heard about Southeast Petro?

A Talk, you know, there at the office, at the warehouse.

D130 Okay. Can you tell me a little bit about the context in which you heard about these conversations about Southeast Petro Mart?

A Just who owned it.

D131 Who did own it?

A I think John Hampton.

D132 John Rex Hampton?

A Yes.

MR. HAUSER: Excuse me just a second, Mr. Cook.  
You asked him about Petro Mart  
delivering fuel and then you said

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Petro Mart, not Southeast Petroleum.

I'm wondering--

MR. COOK: Southeast Petro Mart, that's correct.

MR. HAUSER: I think the context was delivering fuel. Is that--

D133 Did you understand that I was talking about Southeast Petro Mart?

A Well, I think. I'm not for sure.

MR. HOWARD: We can stop for a second and back up. Are we talking about Southeast Petroleum?

MR. HAUSER: Petroleum or Petro Mart?

MR. COOK: We're talking about Southeast Petro Mart.

A Is that the same thing?

D134 I'm just giving you the name, Petro Mart.

MR. HOWARD: We're not trying to confuse you. We have two different names.

D135 Yeah, it's not a trick question at all. We do have two different names.

MR. HAUSER: The reason I commented, it was asked in the context of delivering fuel, Petro Mart delivering fuel.

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MR. COOK: We'll go into that if I can get his answer because he's the one giving answers, not me or you.

MR. HAUSER: I understand, but it was confusing to me.

D136 So if you could just go ahead and answer.

A Do you care to ask me the question again?

D137 Yeah, I will. I'll do that. Have you ever heard of Southeast Petro Mart?

A No.

D138 Petro Mart you have not heard of?

A No.

D139 Because earlier when I asked you that, you said that in general talk at the warehouse you did hear that.

A I thought you said Southeast Petroleum.

D140 No, I said Petro Mart. Okay. We'll go on. That's all right. Do you know of any photos or videos that show CVE employees performing any work on trucks that CVE did not own?

A No.

D141 Do you know who performed any bookkeeping for Southeast Transport?

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A No.

D142 Have you ever heard of a company called Knox Auto Parts?

A Yes.

D143 How did you come to know of them?

A Just, you know, getting stuff there we needed for the warehouse.

D144 So did you go there to pick up items that were needed?

A Yes.

D145 About how often did you go to pick up stuff there?

A Not often. Maybe once every two or three months or couple of months or something.

D146 All right. What kinds of items would you all buy there?

A Just stuff for the warehouse, you know, like we needed plumbing stuff or just items like that, you know, just for the maintenance of the warehouse.

D147 I understand. Do you know who owns Knox Auto Parts?

A No, not when I bought the stuff, no, I don't.

D148 Okay. Do you know an individual named Steve Hampton?

A Yes.

D149 How did you come to know Steve Hampton?

A Just working with him.

D150 So does he work at CVE?

A Yes.

D151 Do you know whether Steve Hampton ever worked at Knox Auto Parts?

A Yes.

D152 So did he work there?

A No, not when I got the stuff, no. He worked with me.

D153 All right. During that time that you worked at CVE, Steve was also working there at CVE also?

A Yes.

D154 I understand. So to your knowledge at any time prior to your working there, did Steve ever work at Knox Auto Parts?

A Yes, but I mean he didn't, you know, when I went there, he didn't, he worked with us, you know, at Cumberland Valley Electric.

D155 I understand. I understand entirely. Okay. Do

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you have any knowledge about where CVE keeps all of its records?

A No.

D156 Are any kept in the warehouse?

A No.

D157 Have you ever been in to the office area, the CVE office?

A Yes.

D158 Do you know if any records are stored there?

A I'm sure there are. I don't really, you know....

D159 You just haven't seen them yourself?

A Right.

D160 I understand. Okay. Have you heard of a man named Elbert Hampton?

A Yes.

D161 What is his relationship with Ted Hampton?

A Brothers.

D162 Okay. Has Elbert ever worked for CVE?

A Yes.

D163 In what capacity?

A He was a superintendent.

D164 Okay. Has Elbert ever been on the Board of

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Directors?

A Yes.

D165 Do you know about when that happened?

A Maybe a year or two years.

D166 A year or two years ago?

A Something like that. I'm not for sure. I just don't....

D167 Do you know whether Elbert was ever involved in any other businesses?

A No.

D168 You don't know?

A No.

D169 Do you know whether Elbert ever did any contract work for CVE, like construction?

A No.

D170 You don't know?

A I don't know.

D171 Have you ever seen any CVE employees or Board of Directors members ever filling their personal vehicles with CVE gasoline?

A No.

D172 Okay. Have you ever seen anybody leave the warehouse, taking materials from the warehouse

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and putting them into their personal vehicles?

A No.

D173 Have you ever heard of a company called Hubbs Creek?

A No, I haven't.

D174 Do you know whether the company, whether CVE, ever takes any of its vehicles anywhere to be serviced?

A Yes.

D175 Do you know where that is?

A Take them to Chevron in Barbourville or maybe to Gambrel Toyota Chevrolet.

D176 Okay.

A Marine Myers Ford. Might take some to Angel's Garage, you know.

D177 Okay. There in the warehouse, does the warehouse receive any shipments of acetylene?

A I get propane.

D178 You get propane?

A Yeah.

D179 Who provides that?

A Jackson, Jackson Energy I believe.

D180 Jackson Energy?

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A I think that's what it is.

D181 Do you know what the propane is used for?

A Our forklift.

D182 For forklifts?

A Yes, sir.

D183 All right. Now, do you know whether CVE ever buys any acetylene like to use in welding?

A I'm not over there.

D184 Is that done in a totally different area?

A Bogey takes care of that.

D185 All right. So any acetylene that would be delivered, Bogey would know about that?

A Right.

D186 Have you ever heard of a company called Air Gas?

A No.

D187 Have you ever heard anything about a power line that was run off to a cabin off of Red Bird Road?

A Yes.

D188 How did you come to learn about that?

A Through engineering.

D189 So you learned about this from people in

engineering?

A Yes.

D190 Who in engineering did you hear this from?

A Donald Lynch.

D191 Donald Lynch?

A Yes.

D192 What was it that you learned about that project?

A Just that they built a line there, you know.

D193 Okay. Do you know who that was for?

A No. No, I don't. I mean for the people that built it, no. Let's see. Well, I know one, but I mean there was....I mean there was several people that owned the land, you know.

D194 Do you know who some of those people were?

A I just know two.

D195 Who are they?

A One was Gary Barton and he's a Bryant. I was trying to think of his name, his first name.

D196 Would he be any kin to Kenneth Bryant?

A I don't know Kenneth Bryant.

D197 Wayne Bryant?

A No.

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D198            Okay.

A                That's all I know I mean.

D199            That's okay. All right. Have you ever heard of  
a man named J.B. Johnson?

A                Yes.

D200            Do you know who that is?

A                Yes.

D201            Who is he?

A                He's a friend of mine.

D202            He's a friend of yours?

A                Yes.

D203            Okay. Do you know what he does?

A                He was a federal judge the last time I talked to  
him.

D204            Do you know where?

A                London.

D205            London. Has he ever done any work for CVE?

A                I think he used to be a lawyer for us a long  
time ago.

D206            All right. Do you know whether that job out to  
that cabin on Red Bird Road, was that a job  
where the customer would pay part of the cost  
there?

- A That's not my department. I don't know.
- D207 Okay. Did you ever hear anybody in engineering talk about that?
- A No. Talk about building the line, that's basically all I know, you know.
- D208 Did you ever hear Mr. Lynch say anything about that, about the cost sharing between the customer?
- A Not really, no, I mean....
- D209 Do you know anything about the laying of an underground power line to the Whitley County School System?
- A No.
- D210 Okay. In the course of your work there at CVE did you ever learn about any unnecessary power lines being built?
- A Just, you know, hearsay, you know, just...
- D211 What was it that you heard? I appreciate your pointing out that you learned about it from somebody else. That helps us out.
- A I mean, you know, that's all I know, I mean just the talk at the office, you know, and....
- D212 You think it was like common knowledge?

A I don't know.

D213 You heard about it in talk at the office. Is that right?

A Engineering, you know, in engineering.

D214 At engineering?

A Right. That's.....and that's all I know. I mean just....

D215 Okay. Just trying to help see if you can recall anything else, like did you hear anything about like where the power lines were built?

A No, I mean as far as being built, no.

D216 Okay. Do you have any other knowledge about those power lines?

A No. I mean, like I said, you know, I work in the warehouse and that's not my department.

D217 I understand. Did you ever hear anybody else say anything else about that?

A That's basically it, you know, I mean just what I told you there.

D218 I understand. Did you ever attend any CVE annual meetings?

A Yes.

D219 Okay. Did you work those meetings?

A Yes.

D220 What all did you do there?

A Handed out buckets of bulbs.

MR. COOK: Let's go off the record a moment.

[OFF THE RECORD]

MR. COOK: Back on the record.

D221 So you handed out buckets of bulbs to the customers. Is that correct?

A Yes.

D222 Okay. Were you present there for any Board of Directors election?

A I was always handing out, you know, in the truck handing out buckets of bulbs.

D223 So were you outside the building?

A Yes.

D224 So you did not go inside?

A I did, but I mean just maybe go in and get a Coke and back out or....

D225 Okay. Just temporarily?

A Right, just in and back out.

D226 Did you learn anything about the election of the Board of Directors while you were....did you hear anything going on about that?

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A I mean--

D227 At those times that you did go inside the building.

A No.

D228 All right. That's okay. Does the company ever sell trucks at a certain point in time like when they get older?

A Yes.

D229 Have you ever heard of any bucket trucks being sold to the public?

A As far as selling a bucket truck itself, no. I mean just, you know, we redo our buckets, you know, and put the buckets back on the new truck.

D230 Okay. All right. So you're saying that the company puts the bucket on to the truck. Right?

A Right, you know. We buy a new a truck.

D231 Buy a new truck?

A Right.

D232 And it's the company that installs the hydraulic bucket. Is that right?

A Well, we send it off, you know.

D232 To a contractor?

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A Yes. It's down in White House, Tennessee. I mean, you know, we buy a new truck and put the bucket over on it.

D233 Okay. I got you. I understand. So have you ever heard of any bucket trucks being sold after they were involved in an accident?

A I mean, you know, like I told you, as far as selling a bucket truck, no.

D234 So it would have been taken off you mean? Is that what you're saying?

A Right. We keep our buckets, you know, the units to them.

D235 Yeah, the hydraulic part?

A Right.

D236 The lift part?

A Yes.

D237 That is taken off?

A Right.

D238 I understand what you're saying. So if one of those trucks were sold, the bucket would have been taken off and the truck would have been sold, just the truck minus the lift?

A Yes.

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- D239 I understand what you're saying. Did you ever see any one of those being sold while you were there?
- A Yes, it was sold, you know.
- D240 Do you know to whom it was sold?
- A I'm not for sure, but I think Elbert Hampton. I didn't see him, you know.
- D241 All right. Do you know was that truck involved in an accident before it was sold? Do you have any--
- A Yes.
- D242 Okay. Do you know where that truck was taken for an appraisal?
- A I don't, no, I don't know.
- D243 That's okay.
- A That's not my....I don't....
- D244 That's not your department?
- A Right.
- D245 I understand that. I was just wondering if you had any knowledge about that. Do you know whether that truck had a new engine installed just prior to the time it was sold?
- A I mean it had...for sure it did, but I don't

remember, you know. I know it had a new engine, but I don't know how long it was in there I mean.

D246 Okay. You do know it had a new engine but you don't know for how long it was in there before it was sold?

A Right.

D247 Okay. I got you. Do you know whether that truck was put up for bids?

A I don't know.

D248 You don't know, okay. Have you ever seen that truck at CVE after it was sold to Elbert?

A Yes.

D249 Have you seen Elbert operating it?

A No.

D250 Okay. Do you have any idea what Elbert uses it for?

A No, I don't know.

D251 Okay. During the time that you worked there at CVE did you ever learn of the company trying to add money to construction projects?

A Do you care to--

D252 Yeah, I can rephrase that. Did you ever learn

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of any instances in which anybody in the company's management came up to any other employees and said that they needed to add money to construction projects to keep the contractors busy?

A No.

D253 You don't have any knowledge of that?

A No. That's not my department.

D254 I understand. Okay. During the time that you worked there did anybody ever ask you to do anything that gave you any cause for concern?

A No.

D255 Okay. Have you ever heard of CVE being referred to as Hampton Valley?

A Yes.

D256 Do you know who you heard that from?

A Just there at the office, you know.

D257 Employees?

A Yes.

D258 Okay. Now, when you sign for supplies and materials, are records kept of that?

A Yes, you know, I sign and take them up front.

D259 You take them to the office up front?

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- A Normally Jay does, you know. Sometimes I'll take them, but normally Jay does. I'll sign like today and he'll take them that afternoon or something.
- D260 So you would give them to Jay. Is that correct?
- A Yes.
- D261 Okay. Is Jay usually in the front office?
- A Normally he's at the warehouse or engineering one.
- D262 Okay. So you can find him around pretty easily?
- A Yes.
- D263 Just one more follow up question. Did you ever, when you attended the annual meetings, did you ever see any CVE members, any consumers, ever vote for the Board of Directors?
- A The biggest part of the time at the annual meeting I'm outside.
- D264 You're outside?
- A Yes, giving out buckets of bulbs, you know.
- D265 So to your knowledge you never observed that yourself. Is that correct?
- A Right.
- MR. COOK: I understand. That's all of the

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questions we have at this time.

MR. HAUSER: I have no questions.

MS. MITCHELL: I have just one.

**CROSS EXAMINATION**

**By Ms. Mitchell:**

X1 When you said that you had heard from someone in engineering that there were lines that were built that were unnecessary, who in engineering did you hear that from? Was it Joe Carroll?

A Yes.

X2 Was there anyone else?

A Donald Lynch.

X3 Did they tell you what lines they felt were built that were unnecessary?

A No.

X4 Did they say it often, or did you just hear it one time?

A Maybe once or twice or something like that, you know.

MS. MITCHELL: That's all I have.

MR. COOK: Yeah, I think we're all done. Thanks very much for coming in.

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THEREUPON, the taking of the deposition  
of MIKE BAIRD  
was concluded.

<><><><><>

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**REPORTER'S CERTIFICATE**

STATE OF KENTUCKY )

COUNTY OF BELL )

I, Theresa A. Middleton Saylor, a Notary Public in and for the State of Kentucky at Large, do hereby certify that the witness herein named appeared before me at the time and place stated herein; that said witness was duly sworn by me; that said witness was then examined by the attorney(s) named herein; that the testimony of said witness was taken by me in shorthand notes with electronic backup; that the testimony was reduced by me to the foregoing typewritten pages to the best of my ability; and that said pages constitute a true and accurate record of the testimony given by the witness.

I further certify that the deposition has neither been read nor signed by the witness as such was not expressly requested in accordance with the Kentucky Rules of Civil Procedure [CR 30.05]; that I am not related to, employed by, or associated with any party to this action; and that I am not financially interested in its outcome.

WITNESS MY HAND AND OFFICIAL SEAL this the 11th day of January, 2006.

  
THERESA A. MIDDLETON SAYLOR  
NOTARY PUBLIC, State of Kentucky  
My commission expires 6-12-2006

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
 ) DEPOSITION TAKEN ON BEHALF  
 ) OF ATTORNEY GENERAL - BY  
 ) NOTICE  
 ADJUSTMENT OF RATES )  
 OF CUMBERLAND VALLEY )  
 ELECTRIC, INC. )  
 )  
 ) WITNESS:  
 CASE NUMBER 2005-00187 )  
 ) FRED BAYS, JR.  
 )

The deposition of FRED BAYS, JR., was taken before Theresa A. Saylor, a Notary Public in and for the State of Kentucky at Large, on Tuesday, December 20, 2005, commencing at the approximate hour of 8:30 o'clock a.m., at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky. Said deposition was taken pursuant to notice, heretofore filed, same to be filed as evidence herein on behalf of the Attorney General for purposes of discovery and for all purposes permitted by the Kentucky Rules of Civil Procedure.

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ALSO PRESENT:

ANITA MITCHELL, ESQUIRE  
MS. ANDREA E. EDWARDS  
MR. ELLE R. RUSSELL  
Public Service Commission

MR. TED HAMPTON  
MR. JIM ATKINS  
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MR. DARWIN SEBASTIEN  
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MR. HOWARD: Following the deposition of Mr. McCuen and actually during the deposition of Mr. McCuen there were a number of items that came forward and, as Mr. Hauser politely agreed today, I would like to make a few inquiries/data requests of him. First, if I may, I'd like to see the Hubbs' invoices.

MR. HAUSER: You're going to put these all in writing, too?

MR. HOWARD: Yes, I will incorporate all of these into a letter that I will try to get out this week.

MR. HAUSER: The Hubbs' invoices?

MR. HOWARD: For the past ten years if I may.

MR. HAUSER: If they haven't done business with them for ten years--

MR. HOWARD: Well, if they only did three years or I mean just whatever invoices going back ten years. Any work card or maintenance schedule or other log for the bulldozer showing the number of hours that it had on it at the time of

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purchase by CVE from Mr. Corey and then all Cumberland Valley information that they have directly in house or if they can obtain it indirectly concerning an incident where Elbert Hampton ran over J.R. Hampton, and those three things came up during Mr. McCuen's deposition. Again I will incorporate those into that letter with the other requests, and those are the only preliminary matters that I have this morning.

The witness, FRED BAYS, JR., having first been duly sworn according to law, was examined and testified as follows:

**DIRECT EXAMINATION**

**By Mr. Cook:**

D1 Mr. Bays, could you spell your name for us?

A B-a-y-s.

D2 Thank you very much. Could you give us your home address?

A 513 Pitzer Street, P-i-t-z-e-r.

D3 Great. My name is Larry Cook. I'm with the

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Attorney General's office, and the first thing I want to do is have everybody around here introduce themselves. Seated to my right is Dennis Howard, my boss, from the Attorney General's office also.

MS. MITCHELL: I'm Anita Mitchell from the Public Service Commission.

MS. EDWARDS: Andrea Edwards with the Public Service Commission.

MR. RUSSELL: Elle Russell with the Kentucky Public Service Commission.

MR. HAUSER: Of course, you know Mr. Hampton and you know Mr. Atkins. Pat Hauser with Cumberland Valley Electric for the record.

D4 All right. As you may know, Cumberland Valley has filed for a rate increase with the Kentucky Public Service Commission, and so the reason we're here today is to ask questions about Cumberland Valley's business practices. Okay. Have you ever given your deposition before?

A No, no, sir.

D5 If you're like me, you might sometimes want to

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nod your head or shake your head no. The only problem with that is the Court Reporter has to take it down and put it into the record, so you need to verbalize, say yes or no or something like that. Okay?

A All right.

D6 Now, if you don't understand the question I ask, just ask me to repeat it or I'll rephrase it. Otherwise we'll assume that you did understand the question.

A Okay.

D7 From time to time the other attorneys in the room might object to a question, okay, but if that happens, the Court Reporter is just going to take down the grounds for the objection and then after they finish you can go ahead and answer the question. Okay?

A Okay.

D8 All right. Having said that, do you realize that you are under oath?

A Yes, sir.

D9 Great. Are you taking any medications or any other substance that would prevent you from

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providing honest and accurate answers today or which could interfere with your recollection?

A Yes, sir.

D10 What kind of medications are you taking?

A I'm on Atenenol, a heart pill. I'm on a blood pressure pill, and I take Atenenol for a pacemaker that I've got inserted.

D11 I understand. Any of those medications that you're on, would they prevent you from giving honest and accurate answers today?

A No, sir.

D12 Could those medications interfere with your recollection?

A No, sir.

D13 All right. Is your presence here today in response to a Subpoena that was served on you?

A Yes, sir.

D14 Okay. Could you tell us about your educational background?

A I graduated from Knox Central High School in 1965.

D15 All right.

A I've got two and a half years of vocational

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college.

D16 Okay. Are you currently employed?

A No, sir. I'm total disabled.

D17 All right. Have you ever had opportunity to be employed with Cumberland Valley Electric?

A Yes, sir.

D18 Okay. During the course of this deposition I'm going to refer to Cumberland Valley Electric as CVE. Is that okay?

A That's okay.

D19 Also at any time during this questioning if you need to take a break for any reason, just speak up and let us know and we'll just take a break.

A That's fine.

D20 I don't think we're going to be too long with this. Okay. First I want to ask you has anybody at Cumberland Valley or anyone working on behalf of the company, has anybody come to you about the answers that you're going to give to the questions we're going to pose to you today?

A No.

D21 So has anybody talked to you at all?

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A No.

D22 How did you first learn about the Attorney General scheduling depositions?

A There was two people from the Attorney General's office came over I think Thursday and asked me was I an employee of RECC. I told them I was, and they asked me my name and then they subpoenaed me.

D23 All right. Have you spoken with any other former employees or any current employees?

A No.

D24 Has anyone on behalf of the company asked you whether or suggested to you that you should be forgetful about any answers you have?

A No, sir.

D25 Are you in fear of any adverse consequences if you provide truthful answers to our questions?

A No, sir.

D26 All right, sir. Could you tell me what your responsibilities were at CVE?

A I was a janitor. I took care of the warehouse and took care of the offices and then done all of the maintenance.

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D27 Okay. There in the warehouse what did that involve?

A Unloading material, putting it up and keeping it clean and organized.

D28 Are records stored in the warehouse?

A No, sir.

D29 Is there a basement to the warehouse?

A No, sir.

D30 Okay. What kind of materials are in the warehouse?

A Well, just bolts and nuts and wire and just, you know, things that they use every day out on the line.

D31 Okay. Did you also do any maintenance on vehicles?

A No, not really, except maybe wash one every once in a while if it was dirty.

D32 All right. Fair enough. During the time that you were employed at CVE, were you employed anywhere else?

A No, sir.

D33 Are you familiar with a company called Southeast Trucking?

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A No, sir.

D34 You've never heard of that company?

A I don't recall I've ever heard of it really.

D35 Have you ever seen any semi trucks parked on the  
CVE premises?

A Yes, sir.

D36 Do you know who they were with?

A No, sir.

D37 During the course of your employment at CVE, did  
you ever have opportunity to work with other CVE  
employees?

A Yes, sir.

D38 How many years did you work there?

A Approximately seventeen, seventeen and a half.

D39 Did you work with a man named Bogey McCuen?

A Yes, I did.

D40 What other employees did you work with?

A I worked with all of them there around the  
warehouse, you know, helping them stock their  
truck, this and that.

D41 All right. Did you work with anybody in the  
office?

A Yes, sir.

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D42           What kind of people there? Do you remember?

A            Well, me being a janitor, I worked around all of them.

D43           Okay. Just anybody who was there?

A            Yes, sir.

D44           Did that include Ted Hampton? Did you have opportunity to work with him?

A            Yes, sir.

D45           All right. During the course of the time you worked there, did you ever have opportunity to learn of a man named Ken Lay?

A            Yes, sir.

D46           How did you come to know him?

A            Well, I knew him before I started there. We grew up in the same community together.

D47           Okay. Do you know whether Ken Lay was ever an employee of CVE?

A            Well, he wasn't when I was there.

D48           All right. So to your knowledge was he ever an employee?

A            Well, I think he was earlier, you know, before I started.

D49           All right. Do you know whether Mr. Lay owns a

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business?

A Yes, sir.

D50 Do you know the name of that business?

A Lay Tree Trimming I think, sir.

D51 All right. Do you know whether that company does any business with Cumberland Valley?

A Yes, sir.

D52 What kind of business do they do?

A Clear right of ways.

D53 All right. Is Mr. Lay any relation to Ted Hampton?

A I really don't know.

D54 Okay. Do you know whether Mr. Lay is related to any other officer or member of the board at Cumberland Valley?

A I really don't know.

D55 Okay. Do you have any knowledge about the billing arrangements between Mr. Lay's company and CVE?

A No, I had no knowledge of that.

D56 All right. Do you know whether Mr. Lay's company provides all of the equipment that they need to do the work that they do for CVE?

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A I'm not aware of all of his business there.

D57 Okay. All right. Have you ever heard of a company called C and C Automotive Center? That's two letters, C and C.

A I don't recollect.

D58 All right. Do you know whether Cumberland Valley provides any equipment for Ken Lay to use when he does the right of way work?

A Well, I really don't know because some of the trucks, you know, has got the emblem on it.

D59 The emblem?

A Uh-huh.

D60 Okay. Some of whose trucks?

A RECC, Cumberland Valley Rural Electric.

D61 Did Mr. Hampton ever hold meetings with his staff from time to time?

A I think just only board meetings but, you know, board meetings, and I didn't attend any board meetings.

D62 So were you ever present for any employee meetings?

A Yeah. Uh-huh.

D63 Was Mr. Hampton there, too?

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A Yes, sir.

D64 Okay. What kind of topics would be discussed?

A Well, maybe safety or this and that, anything that needed to be done, he'd tell us, you know, what would need to be done.

D65 Okay. During any of those meetings did anybody make any suggestions for how to reduce the cost of the right of way program?

A Not that I'm aware of.

D66 Do you know whether Cumberland Valley owns a bulldozer?

A No, I don't.

D67 Okay. Have you ever of somebody named Ronnie Corey?

A Yes, sir.

D68 How do you know him?

A Through Cumberland Valley Rural Electric. He used to work there.

D69 Ronnie used to work at Cumberland Valley?

A Yes, sir.

D70 Do you know what he did?

A I think he was a lineman or serviceman one.

D71 Okay. Do you know if Ronnie Corey is related in

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any way to any former member of the board of  
CVE?

A Yes, sir.

D72 So he is?

A He was, yes, sir.

D73 Do you know the name of that former board  
member?

A Mr. Corey.

D74 Does Ronnie Corey own a business?

A I don't know about now. He used to.

D75 Okay. Do you know what the name of that business  
was?

A No, I don't know the name of his business or I  
don't know the title of it.

D76 Okay. Do you know whether that company does any  
business with CVE?

A Well, I've been gone for seven years, so I don't  
know whether they're doing that or not.

D77 Okay. During the time that you worked there, do  
you know whether Ronnie Corey's business did any  
work with CVE?

A He done contract work.

D78 Okay. What kind of contract work?

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A Building lines and setting poles and stuff like that.

D79 All right. So during the time that you worked there, did you ever see anybody using a bulldozer?

A Yes, sir.

D80 Okay. Do you know who was using the bulldozer?

A Well, they'd like sometimes bring a load of gravel down and put on the parking lot and Bogey or somebody would jump on it and spread them and smooth them.

D81 All right. Do you know whether any of the contractors ever used the bulldozer for clearing right of way?

A Yeah, I think they used the bulldozer on the right of way.

D82 All right. Do you know who the accountant was for Ronnie Corey's business?

A No, sir, I don't.

D83 Okay. Do you know who the accountant for CVE was?

A Not unless it was Wayne Bryant.

D84 All right. Is that to the best of your

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knowledge?

A To the best of my knowledge, yeah.

D85 Have you ever seen Bogey McCuen working on any trucks on CVE property that were not owned by CVE?

A I really can't say. They worked on trucks there all of the time, you know.

D86 Okay. So all of the trucks they worked on, do you think they were CVE trucks?

A I think they were.

D87 Are you certain about that?

A I can't be certain, no, sir.

D88 Have you ever heard of a company called Knox Auto?

A Yes, sir.

D89 How did you come to know about that company?

A Well, it was in business for years here and I used to buy a lot of my auto parts there.

D90 All right. Do you know whether Cumberland Valley ever did any business with Knox Auto?

A Yes, they did.

D91 Okay. What kind of business did they do?

A They'd buy electric supplies or they'd buy a

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piece for a truck or car, you know, that needed fixing.

D92 What kind of electrical supplies did that include?

A Well, like we'd get our electrical tape and wiring, you know, if a truck needed wiring or a tail light or anything like that.

D93 Okay.

A Or the breakers.

D94 Did it include breakers also?

A Uh-huh.

D95 Did it include equipment and gear that would be used on the lines?

A Yes, sir.

D96 Okay. What kind of equipment and gear?

A It would be like pliers, you know, wire cutters or climes that they used to work on transformers with.

D97 Did it also include buying the utility wire, the actual wire through which the power would flow?

A No, I don't think we got our wire through there.

D98 Okay. What about things like insulators?

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A No, we didn't get insulators there.

D99 Any other equipment that would be used in the utility business that they bought there?

A No, more or less just tools, electrical tape, you know, just small items.

D100 All right. Did you sign for materials at the warehouse?

A Yes, sir.

D101 Okay. Did you sign for any shipments that were ever made that were ever received at CVE? Was that you who would sign for them?

A From who?

D102 Any contractor.

A Yes, sir.

D103 So any contractor that came to make a delivery at CVE you would sign for it?

A If I unloaded it and put it up I would.

D104 What if you had not unloaded it? Would the person who did unload it sign for it?

A They should have.

D105 Were those records stored anywhere?

A Yes, sir.

D106 Do you know where they were stored?

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A I guess they were stored with the personnel at the office.

D107 Okay. Do you know any other places where records were stored?

A No, sir. They kept all of the records at the office.

D108 All right. Are you familiar with somebody named John Rex Hampton?

A Yes, sir.

D109 How so?

A Went to school with him.

D110 Okay. Is John Rex related to Ted Hampton?

A Yes, sir.

D111 Is John Rex married?

A Yes, sir.

D112 Do you know what his wife's name is?

A Karen.

D113 Do you know whether Karen works at CVE?

A She does.

D114 Do you know what she does?

A She's a receptionist I guess.

D115 A receptionist?

A Uh-huh.

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D116 Do you know whether J.R. Hampton has ever worked at CVE?

A He may have contracted some. I'm not for sure.

D117 Okay.

A During an outage or during a storm or something.

D118 Do you know what sorts of things he would contract for?

A I think he used to haul a few of the poles.

D119 Okay. Do you know whether John Rex Hampton has ever worked on any CVE vehicles?

A No, I don't.

D120 Okay. Those times when John Rex Hampton contracted to do work with CVE do you know who would be responsible for paying him?

A No, I had no control over the payroll.

D121 I know you had no control. I understand that, but I was wondering if you just knew from general knowledge.

A I just assume it comes through the company like my check did.

D122 All right. Have you ever heard of a company that goes by four letters, the letters are SECC?

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A I'm trying to think.

D123 Go right ahead. That's okay.

A SECC?

D124 Yeah.

A Southeast Kentucky or Southeast?

D125 I really don't know what it stands for, so I'm just--

A I really can't answer that.

D126 You just don't know?

A I really just don't know.

D127 That's okay. I appreciate your letting us know. That's all right. Did Elbert Hampton ever do any work for the company?

A Yes, sir.

D128 What kind of work did he do?

A He was the superintendent, the line superintendent, and he....

D129 Was that over the entire company?

A The entire company, yeah, me and warehouse and all.

D130 So he was one of your bosses?

A Right, sir.

D131 So you had opportunity to work for him?

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A Yes, sir.

D132 All right. Was Elbert also on the Board of Directors?

A No, sir, not at the time I was there he wasn't.

D133 Do you know whether he is now?

A No, I don't. I don't know who the board members are now.

D134 Okay. Do you know whether Elbert did any business with Knox Auto? Did he operate Knox Auto?

A I'm not really sure, but we done business there.

D135 Okay. But you're not sure if Elbert operated Knox Auto?

A No, I have no way of knowing for sure that he operated it.

D136 Have you ever heard of a man by the name of Steve Hampton?

A Yes, sir.

D137 How did you come to know him?

A Well, I knew him through Elbert and through Mr. Hampton.

D138 Is Steve related to Elbert?

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A It's his son.

D139 Okay. Did Steve ever work for Knox Auto?

A Yes, sir.

D140 What did he do there?

A I'm not a hundred percent sure, but I think he was one of the owners.

D141 Okay. All right. Did you post political signs for Elbert Hampton when he was running for office?

A Yes, I did.

D142 Okay. Did you post those during normal CVE working hours?

A No, sir.

D143 Were you told or asked to do this?

A No. I volunteered.

D144 Volunteered, okay. Who did you talk to about doing that?

A Well, I've known them all of my life, you know, in politics and I've always been involved in politics and if I liked someone that was running, I would volunteer to put their signs up for them.

D145 Okay. Have you ever heard of a company called

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Southeast Petroleum?

A I'm not sure.

D146 Okay. Were you there when companies that provided bulk fuel to CVE when they made their deliveries? Have you ever seen that happen?

A I don't really understand your question.

D147 You know companies like with the big fuel trucks that would come to deliver fuel to CVE?

A Uh-huh.

D148 Have you ever seen them make those deliveries?

A Yes, sir.

D149 Okay. Do you know who those companies were?

A G & M Oil would bring our gas and fuel.

D150 G & M?

A Uh-huh.

D151 Do you know any other companies that did that?

A No. I think G & M Oil furnished it all the time I was there.

D152 Okay.

A I'm almost a hundred percent sure. I'm not a hundred percent sure, but I think I am.

D153 Do you know whether John Rex Hampton was involved in any other businesses?

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- A I think he had a little filling station up here on the hill, but they don't have it up here any more.
- D154 Do you know what the name of that station was?
- A No, not really. I can't think of the name of it.
- D155 Could it be something like Southeast Petro Mart?
- A It's just a little roadside market is all I can remember.
- D156 It wasn't a gas station? It was just a market?
- A They sold gas, but it was just like a little store, like a little mart you'd go buy cigarettes, candy, pop, gas, whatever.
- D157 Do you know whether that company that Elbert owned, do you know whether it ever sold any materials or supplies to CVE?
- A Are you talking about Knox Auto?
- D158 Well, I'm talking about the one I thought it was you said that Elbert owned the business once, you said like a corner gas station.
- A No, that was John Rex.
- D159 I'm sorry. I beg your pardon. Thank you. John

Rex. Okay. That company that John Rex ran, did it ever do any business with Cumberland Valley?

A Not to my knowledge.

D160 Not to your knowledge, okay.

A Huh-uh.

D161 All right. You don't recollect the name of that company?

A No. They've bulldozered everything down up there.

D162 Do you know roughly when that was, what time frame?

A A couple or three years ago.

D163 So it wasn't too long ago?

A No, not really. Two or three years ago I guess. It could be a little bit longer. I'm not exactly good on the dates on that, when it went out of business.

D164 What was put there in its place when it closed?

A Nothing.

D165 Nothing at all?

A Nothing, no. It's just graded down. There's nothing there.

D166 It's vacant land?

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A Yeah, vacant land.

D167 Can you think of any other business that J.R. Hampton was involved in?

A No, not really.

D168 Did I understand correctly that you have never heard of this company called Southeast Transport?

A Seemed to me like I've heard of it, but seems like I can't remember who owned it or quite remember who owns it.

D169 Okay.

A There's so many trucking companies around here. It's hard to remember them all.

D170 I understand. So is it fair to say your recollection is a little foggy about that?

A Yes, sir.

D171 All right. Did you ever see any other trucks that would park on a regular basis at CVE? Did you ever get to know any of the people who drove those trucks if that was the case?

A No. The only trucks I'd really see, you know, like the ones that would be there and then a lot of times they'd haul poles and this and that.

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They may set there overnight, you know.

D172 Okay.

A I just assumed it was contractors, you know.

D173 Did you ever see any of the people who drove those trucks going into the CVE building there in the office?

A Well, we had the whole county going in and out, so it would be hard to pinpoint just one person.

D174 I understand. Does Steve Hampton work for CVE?

A Yes, he does.

D175 Do you know what he does?

A Serviceman I think.

D176 Do you know when he started working there?

A I don't know the date, no, sir.

D177 I think you said earlier that Steve Hampton did some sort of work at Knox Auto.

A Right.

D178 We've talked about John Rex Hampton and Steve Hampton, and I think we briefly discussed Elbert Hampton. Can you tell me how you know Elbert?

A Well, we grew up in the same community.

D179 That's right, okay. All right. He is Ted's

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brother?

A Yes, sir.

D180 Is your recollection that you don't know any other businesses in which Elbert was involved?

A No, I don't.

D181 Have you ever seen any CVE employees or directors using the gasoline or fuel there on CVE?

A No one except the manager's car. We'd gas it up.

D182 You'd gas the manager's car up?

A Uh-huh.

D183 About how often did that--

A But it's a company car.

D184 A company car?

A Right.

D185 How often did that happen?

A It's according to how many miles he drove, where he went.

D186 All right. I understand. Have you ever seen anybody going into the warehouse and leaving there with their arms full of stuff and putting stuff into personal vehicles?

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A No, sir.

D187 Have you ever heard of a company called Hubbs Creek?

A Hubbs Creek. I know a Hubbs Creek, but I don't know a company by that name.

D188 Is Hubbs Creek like a town or a city?

A No, it's just a little old hollow.

D189 Okay.

A There used to be a coal company or something there.

D190 Is there a business there that does work on vehicles?

A Not that I know of.

D191 All right. Do you know anybody by the name of Terry McCreary?

A Yes, sir.

D192 How do you know Terry McCreary?

A In the coal business.

D193 All right. Do you know if Mr. McCreary is involved in any other business?

A No, I don't.

D194 Have you ever heard of a company called Air Gas?

A Yes, sir.

D195 How did you hear about them?

A Well, they fill up these propane tanks.

D196 The propane?

A Uh-huh.

D197 Okay. The stuff that's used to heat a building?

A Yeah, you can heat a building or for a cookout, you know, for a grill and this and that.

D198 Do you know whether they did any business with CVE?

A No, I don't.

D199 Do you know who supplied the acetylene to CVE?

A No, I don't.

D200 Do you know anything about a power line that was run to a cabin off of Red Bird Road?

A No, no, sir.

D201 Have you ever heard of a man named J.B. Johnson?

A Yes, sir.

D202 How did you hear about him?

A He's a federal judge in London, and he used to be the company attorney for RECC.

D203 Have you ever heard of a man by the name of Bill

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Nighbert?

A Yes, sir. I think he's the mayor of Williamsburg.

D204 Okay. Do you know whether Mr. Johnson and Mr. Nighbert own any property?

A No, I don't.

D205 Have you ever heard anything about power lines being laid which were not necessary?

A No, sir.

D206 Have you ever attended an annual meeting, CVE annual meeting?

A Yes, sir.

D207 What did you do when you were there in the annual meeting?

A I gave out buckets of bulbs.

D208 Okay. When you were there, did you ever hear anybody talk about that it's time for the election of the people to the Board of Directors?

A Yes, sir.

D209 All right. When you were there, did you ever see any ballot boxes?

A No, sir.

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D210 You may not know this, but I'm going to ask it anyways. Do you know how Board of Director members are nominated?

A No, sir, not really.

D211 Okay. Do you have any general knowledge?

A No, sir.

D212 I understand. That's okay. I understand. Do you have any idea about who kept the minutes of the meeting, of the corporate meetings?

A I assume the secretary, but I'm not sure.

D213 You're not sure, okay. Do you have any knowledge about the company adding money to work projects?

A No, sir.

D214 Now, during our talk today we talked about several relatives of Ted Hampton. We talked about Steve and Elbert and J.R. and Karen. Are there any other relatives of the Hamptons that work at CVE that you know of?

A Not that I'm aware of.

D215 All right. Now, during the time that you worked there, did anybody ever ask you to do anything that would give you any cause for concern?

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A No.

D216 Okay. During the time that you worked there, did you ever heard CVE referred to as Hampton Valley?

A No.

D217 Were you there at CVE when Elbert Hampton ran over John Rex Hampton's foot on CVE property?

A I was working there, but I wasn't there at the time it happened.

D218 You were working for the company at that time?

A Yes, sir.

D219 You were not present?

A I wasn't present at the time, no, sir.

D220 Okay. What do you know about that incident?

A All I knew, he just got his foot or leg one run over. That's all I know about it.

D221 Do you know anything about the truck that ran over him?

A It was just I guess you'd call it a flat bed truck.

D222 A semi?

A Yeah.

D223 To your knowledge Cumberland Valley doesn't own

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any semis. Is that correct?

A Not to my knowledge.

MR. COOK: That's all of the questions I have for  
you right now. Some of the other  
attorneys might have some questions.

A That's okay. Thank you.

MR. HAUSER: I don't have any questions.

MS. MITCHELL: I don't have any questions.

<><><><><>

THEREUPON, the taking of the deposition  
of FRED BAYS, JR.,  
was concluded.

<><><><><>

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**REPORTER'S CERTIFICATE**

STATE OF KENTUCKY )

COUNTY OF BELL )

I, Theresa A. Middleton Saylor, a Notary Public in and for the State of Kentucky at Large, do hereby certify that the witness herein named appeared before me at the time and place stated herein; that said witness was duly sworn by me; that said witness was then examined by the attorney(s) named herein; that the testimony of said witness was taken by me in shorthand notes with electronic backup; that the testimony was reduced by me to the foregoing typewritten pages to the best of my ability; and that said pages constitute a true and accurate record of the testimony given by the witness.

I further certify that the deposition has neither been read nor signed by the witness as such was not expressly requested in accordance with the Kentucky Rules of Civil Procedure [CR 30.05]; that I am not related to, employed by, or associated with any party to this action; and that I am not financially interested in its outcome.

WITNESS MY HAND AND OFFICIAL SEAL this the 11th day of January, 2006.

  
\_\_\_\_\_  
THERESA A. MIDDLETON SAYLOR  
NOTARY PUBLIC, State of Kentucky  
My commission expires 6-12-2006

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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
 ) DEPOSITION TAKEN ON BEHALF  
 ) OF ATTORNEY GENERAL - BY  
 ) NOTICE  
 ADJUSTMENT OF RATES )  
 OF CUMBERLAND VALLEY )  
 ELECTRIC, INC. )  
 )  
 ) WITNESS:  
 CASE NUMBER 2005-00187 )  
 ) ROBERT PREVATTE  
 )

The deposition of ROBERT PREVATTE was taken before Theresa A. Saylor, a Notary Public in and for the State of Kentucky at Large, on Tuesday, December 20, 2005, commencing at the approximate hour of 9:30 o'clock a.m., at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky. Said deposition was taken pursuant to notice, heretofore filed, same to be filed as evidence herein on behalf of the Attorney General for purposes of discovery and for all purposes permitted by the Kentucky Rules of Civil Procedure.

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ALSO PRESENT:

ANITA MITCHELL, ESQUIRE  
MS. ANDREA EDWARDS  
MR. ELLE R. RUSSELL  
Public Service Commission

MR. DARWIN SEBESTIEN  
Attorney General's Office

MR. TED HAMPTON  
MR. JIM ATKINS  
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**Theresa A. Saylor**  
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The witness, ROBERT PREVATTE, having first been duly sworn according to law, was examined and testified as follows:

**DIRECT EXAMINATION**

**By Mr. Cook:**

D1            Could you spell your name for the record?

A            P-r-e-v-a-t-t-e.

D2            Mr. Prevatte, my name is Larry Cook. I'm with the Attorney General's office with the Office of Rate Intervention, and seated right here to my right is my boss, Dennis Howard, with the same office.

MR. HOWARD:            Good morning, sir.

A            Good morning.

MR. COOK:            I'm going to ask these other people in the room to introduce themselves to you.

MS. MITCHELL:            I'm Anita Mitchell from the Public Service Commission.

MS. EDWARDS:            Andrea Edwards with the Public Service Commission.

MR. RUSSELL:            Elle Russell with the Public Service Commission.

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MR. HAUSER: For the record, Mr. Hampton, Mr. Atkins, Pat Hauser for Cumberland Valley Electric.

MR. HOWARD: We also have Darwin Sebestien from our office as well.

D3 Mr. Prevatte, have you ever given a deposition before?

A No, I have not.

D4 Okay. That's all right. One key thing to remember when you give answers to the questions we're going to ask you today is that if you're like me sometimes you'll want to nod your head or shake your head no. You just need to remember that doesn't come across to the Court Reporter, so you have to say yes or no. You have to say it out loud.

A Okay.

D5 Now, as you may know, Cumberland Valley has filed for a rate increase with the Public Service Commission and we're here today to ask some questions about CVE's business practices. I'm going to call Cumberland Valley CVE just to keep it short. Okay?

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A Okay.

D6 If you don't understand any question that we ask of you, just ask us to repeat it or rephrase it and we'll be glad to do so. Otherwise we'll just assume that you've understood the question. Okay?

A Yes, sir.

D7 From time to time some of the attorneys in the room might interpose an objection to certain questions and, if that does happen, the Court Reporter is going to take down the grounds for the objection and then you should wait until they are finished with the objection before you answer, but after they're done, you can go ahead and answer the question.

A Okay.

D8 All right. Having said that, we'll just go ahead and get underway.

A Okay.

D9 Mr. Prevatte, do you realize that you are under oath?

A Yes, sir.

D10 Are you taking any medications that could

prevent you from providing honest and accurate answers today?

A No, sir.

D11 Okay. Are you taking any medications or any other substance that could interfere with your recollection?

A No, sir.

D12 Okay. Now, is your presence here today in response to a Subpoena that was served upon you?

A That's correct.

D13 All right. Could you tell us about your educational background?

A I have a degree in business administration.

D14 Who is that from?

A Pembroke, University of North Carolina at Pembroke, North Carolina.

D15 Are you currently employed, Robert?

A I'm retired.

D16 Where are you retired from?

A CVE.

D17 How many years did you work there?

A I worked in the program for thirty-five. I worked at CVE for twenty-six.

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D18 All right. So when you say the program, what was the--

A The RUS program. I was at another co-op, and I transferred here.

MR. COOK: Let's just go off the record for a moment.

[OFF THE RECORD]

MR. COOK: We're back on the record.

D19 All right. Mr. Prevatte, the question I have for you is in preparation for your coming here today did you talk to anybody?

A Such as?

D20 Did you talk to any former employees?

A Not this morning.

D21 Not this morning?

A Not this morning.

D22 What other former employees--

A Former employees, no, I haven't talked to any at all.

D23 What about any current employees?

A Not today.

D24 Before today what current employees did you speak with?

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A Mr. Tolliver, Robert Tolliver.

D25 Okay. Did anybody from the company approach you, did anyone suggest to you that you should be forgetful or have amnesia?

A No, sir.

D26 All right. Are you in fear of any adverse consequences if you provide truthful answers to our questions?

A No, sir, I'm not.

D27 Thank you very much. Tell me a little bit about your responsibilities while you worked at CVE.

A I was in charge of billing. I was in charge of member services. I was in charge of the ladies that took collections. I was in charge of collecting and member services type duties.

D28 Okay. All right. Tell me what your work in billing was about. Did you supervise?

A Yes, I was a supervisor over the women that worked in the office and we prepared the bills and got the....I'm talking about bills for electric power usage, those type bills.

D29 So the billing that you did was only through customers?

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A That's correct.

D30 Okay. Did you have anything to do with receiving bills from vendors, CVE vendors or contractors?

A No, sir.

D31 Do you know whether there were two CVE board members who either resigned or retired within the past three years?

A Repeat the question.

D32 Do you know whether there were two CVE board members who either resigned or retired within the past three years?

A I only know of one that resigned.

D33 Who was that?

A Mr. Delno Tolliver.

D34 Do you know why he resigned?

A I have no idea.

D35 Okay. Do you know whether Mr. Tolliver received a lump sum settlement from the company?

A Not specifically I don't. Hearsay.

D36 Okay. So you heard from somebody else? Is that what you're saying?

A That's correct.

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D37            Okay.  What was that knowledge that you heard  
                 from somebody else with regard--

A              That there was some sort of a check written.

D38            In terms of a lump sum settlement?

A              That's correct.

D39            Okay.

A              Well, lump sum, I don't know if that's what  
                 kind, but there was a check written.

D40            Do you know from whom that check came?

A              I would assume Cumberland Valley Electric.

D41            Okay.  From whom did you hear this?

A              Let me think.  Mr. Bryant.

D42            Would that be Wayne Bryant?

A              That's correct.

D43            What was his capacity at CVE?

A              When he retired, he was assistant manager.  He  
                 was the benefits administrator, and he was the  
                 accountant.

D44            All right.  Do you know whether there were any  
                 members of the CVE board who retired within the  
                 past several years?

A              Not that I can....we had some deceased but not  
                 retired that I know of.

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D45           Who was there who died?

A            Ray Beard. Mr. Corey, Harry Corey.

D46           Okay. This was during the time that you worked  
              for CVE?

A            Yes, sir.

D47           Okay. I understand. So during the time that  
              you worked with CVE, was it twenty-six years?

A            Yes, sir.

D48           I take it that you had the opportunity to work  
              with a lot of different CVE employees. Is that  
              correct?

A            That's correct.

D49           Did that include Ted Hampton?

A            Yes, sir.

D50           Okay. During the course of your employment  
              there, did you learn of a man named Ken Lay?

A            Yes, sir.

D51           How did you come to know about Ken Lay?

A            How did I come to know about Ken Lay? He was a  
              contractor.

D52           Okay. Do you know what kind of contracting he  
              did?

A            Right of way contractor.

D53 Do you know whether Ken Lay was ever an employee of CVE?

A I think so.

D54 Okay. Do you know the name of Mr. Lay's business?

A Lay Tree and Brush Company.

D55 All right. Okay. Is Mr. Lay any relation to Ted Hampton?

A I've heard that they're cousins.

D56 Okay. Do you know whether Mr. Lay is in any way related to any other CVE employee?

A Not to my knowledge.

D57 Okay. Do you know if Mr. Lay is related in any other way to any other CVE officer or board member?

A Not to my knowledge.

D58 All right. Do you have any knowledge about the billing arrangements between Mr. Lay and CVE?

A I do not.

D59 Do you know whether Mr. Lay and his company provided the equipment that they used to perform their services for CVE?

A I've heard that the company provided it, that

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CVE provided it, but....

D60 I understand. Do you know what kind of equipment they provided?

A Trucks.

D61 Trucks, okay. Have you ever heard of a company called C and C Automotive Center? It's two letters, C and C.

A No, I have not.

D62 Okay. Do you know where Mr. Lay procures all of the equipment and supplies that he needs to perform the work?

A I have no idea.

D63 Does it strike you as unusual in any way that CVE provides equipment for Mr. Lay's use?

A No, sir.

D64 Do you know who at CVE was responsible for handling business operations with Mr. Lay?

A No, sir. The Board and Mr. Hampton.

D65 Okay. All right. Did Mr. Hampton manage business relations with any other CVE contractors?

A Yes.

D66 Do you know who the contractors were?

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A There's Five C Construction and Shelton Construction.

D67 Okay.

A And various other bidders.

D68 Okay. All right. Are you familiar with....you mentioned bidding, so I wanted to ask you if you are familiar with the bidding process that CVE has.

A I am not.

D69 Do you know whether Mr. Hampton ever held any staff meetings?

A Yes.

D70 Okay. During those meetings were you present?

A Most of the time, yes.

D71 Okay. Were other employees also present at that time?

A Staff people, yes.

D72 Okay. During any of those meetings did anybody make any suggestions to Mr. Hampton about ways to reduce expenditures in the right of way program?

A Not specifically that I can remember.

D73 You can't recall?

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A I can't recall.

D74 All right. Did you ever hear anything about why Mr. Hampton wanted to closely supervise the dealings with contractors?

A Why he wants to--

D75 To closely supervise.

A He closely supervises everything.

D76 Okay. All right. Have you ever heard Mr. Hampton say anything to the effect that the money that CVE pays to his contractors is his Florida money?

A No, sir, not in those terms.

D77 Okay. Have you ever heard it in any other terms, anything like that?

A Yes, sir, it's a joke. We'd get a check from RUS and I'd take it back and we'd get it signed and that's my Florida money. It's a joke.

D78 Okay. RUS checks, are these the RUS loans?

A That's just a sample, yes, an example.

D79 I understand.

A It's nothing. It's just any check.

D80 Any check, okay. All right. During the course of your work there at CVE do you know whether

CVE ever purchased a bulldozer?

A Yes.

D81 Okay. Did they purchase a bulldozer?

A Yes, sir.

D82 Do you know about how much the price of that bulldozer was?

A I vaguely remember sixty thousand dollars.

D83 Okay. Do you know from whom that bulldozer was purchased?

A Mr. Corey, Ronnie Corey.

D84 Okay. Do you know the name of Mr. Corey's company?

A Five C Construction.

D85 All right. Mr. Prevatte, I'd like to show you a document that was introduced in one of our prior depositions and ask if you can identify this.

A It's a computer printout.

MR. HOWARD: Which document is that?

MR. COOK: It's the Ronnie Corey invoice. I'm not sure which--

MR. HAUSER: Exhibit 1.

MR. COOK: It says Ronnie Corey at the top.

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MR. HAUSER: It does.

MR. COOK: That's number one.

A This is a printout off of CVE's computer.

D86 Does that come from CVE's computer program?

A It appears. It doesn't note it on there anywhere, but it appears it is.

D87 Have you seen those types of printouts before?

A On occasion, yes.

D88 Okay. Does it say Ronnie Corey there on the sheet?

A Yes, sir.

D89 Okay. What items are listed there?

A Materials, trailer, truck and a bucket and a long track dozer.

D90 Does it give prices for those items, too?

A It's got I assume these are checks that were written.

D91 Okay. All right. Are you familiar with the process and with any process that CVE went through when it purchased that bulldozer?

A No, sir.

D92 Do you know whether CVE obtained bids for the bulldozer?

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A No, sir.

D93 Do you know whether anyone at CVE did any due diligence in learning about prices for used bulldozers?

A No, sir.

D94 Do you know anything about the mechanical condition of the bulldozer when it arrived?

A No, sir.

D95 Do you know anything about the brand name of the bulldozer?

A No, sir.

D96 Okay. If you were to be told from somebody with knowledge in the area that a bulldozer of that type being used, the cost would be less than half the price that CVE paid for the dozer, would that surprise you?

A I have no knowledge about the price of the bulldozer.

MR. COOK: Move to admit this as the first exhibit in this deposition.

MR. HOWARD: Is that the same one?

MR. HAUSER: It is.

MR. HOWARD: What we can do again for paperwork is

just I would suggest, Mr. Cook, that we continue to use that throughout the depositions if that's acceptable.

MR. HAUSER: It would be Attorney General's Exhibit 1.

MR. HOWARD: Yeah, it'll just--

MR. COOK: The same numbers?

MR. HOWARD: Yeah, and what we can do is just--

MR. COOK: I'm not sure I'll use all of them, just from time to time--

MR. HOWARD: Well, we can simply reference, since we've already got them in the first series, if it's acceptable to Counsel, since we've already introduced it, we'll just continue to have that reference to all of that depositions?

MR. HAUSER: I have no objection.

MS. MITCHELL: I have no objection.

D97 Thank you for your patience, Mr. Prevatte. Sometimes these things take a little time to work out.

A Sure. That's fine.

D98 Now, when you worked there at CVE, did you see

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anybody using that bulldozer?

A I saw it setting in the warehouse lot. I didn't see anybody use it.

D99 Do you know whether any contractors ever used it?

A I don't know.

D100 Do you know whether the bulldozer was rigged to pull a bush hog?

A I assumed it was. I don't know.

D101 Okay. Do you have any knowledge, you said you assumed that it was rigged to pull to a bush hog. Was there anything in particular that caused you to assume that?

A I saw a bulldozer out there, and I would assume that that's what they used it for.

D102 That's all right. I just wanted to get your--

A Sure.

D103 To your knowledge did any of....I think I asked you that already, but do you know whether Mr. Lay's company ever used the bulldozer?

A No, sir, I don't.

D104 You don't know?

A No.

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D105 I think you said earlier that there was a gentleman named Harry Corey who served on the Board of Directors. Is that correct?

A That's correct.

D106 Is Harry Corey's son Ronnie Corey?

A That's correct.

D107 And he's the owner of Five C Construction?

A That's correct.

D108 It was Five C Construction that sold the bulldozer to CVE?

A According to this, yes.

D109 Okay. Do you have any knowledge about any billing arrangements that were used on the occasions when contractors would use the bulldozer?

A No, sir.

D110 Do you know who the accountant was for Five C Construction?

A Wayne Bryant and his wife, Vicky.

D111 All right. Was Wayne Bryant also the accountant for CVE?

A Yes, he was.

D112 Okay. Did Wayne Bryant work for many years for

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CVE?

A Thirty-five.

D113 So was Wayne Bryant also employed at Five C at the same time or did he just do work on the side for Five C?

A His wife did most of it.

D114 His wife was employed there full time?

A She was not employed there, just part time bookkeeper to my knowledge.

D115 I understand. Okay. Are you familiar with an individual named John Rex Hampton?

A Yes.

D116 How did you come to know him?

A He's one of our family out there.

D117 Okay. Is John Rex related to Ted Hampton?

A Yes.

D118 Do you know how?

A He's a brother.

D119 Did John Rex ever work for CVE?

A Some contract work I think as I recall.

D120 Okay. Do you know what kind of contract work he did?

A Only because it's been brought to my attention

in the last day or so, but some sort of project he worked on that he got paid for, just one time. That's all I know about.

D121 Do you have any knowledge what kind of project that was?

A Guessing on my part, it is a guess now, but I think from way back, that was way back, you know what I'm talking about, that was a check that I was told about by Mr. Tolliver yesterday, some sort of truck work. I haven't seen the invoice, you know.

D122 Okay.

A That was 1998, and I haven't seen the invoice.

D123 I just want to make sure that I clarify for the record that it sounds like your only source of knowledge about that was from Robert Tolliver. Is that right?

A That's correct.

D124 When we get into these depositions, we just need to understand how people came to learn of certain things and from whom. It just helps us to understand. We appreciate that and appreciate your patience. Do you know whether J.R. Hampton

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ever worked on any CVE vehicles?

A J.R. Hampton?

D125 Yes, John Rex. I'm sorry.

A That check, that was the only incident I know of, that I was aware of.

D126 Okay. All right. John Rex Hampton, is he married?

A Yes.

D127 What is his wife's name?

A Karen.

D128 Do you know how Karen spells her first name?

A K-a-r-e-n.

D129 Does she work for CVE?

A Yes, she worked with me for....

D130 Okay. I'm sorry. What was that?

A Ever since I've been there. She was there before me.

D131 What was the nature of her responsibilities?

A She balanced bank statements, payroll. That's in the last ten years. Prior to that she was in billing. I don't know if it's been ten years. She's been all over the office. She's a highly qualified employee.

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MR. HOWARD: Which one is that, Mr. Cook?

MR. COOK: That's the check, and I'm not sure  
which number.

MR. HAUSER: Three.

A That is one of our checks.

MR. HOWARD: That would be AG 3.

D140 Is that to the best of your--

A That's my signature.

D141 That is your signature to the best of your  
knowledge?

A Yes, sir.

D142 What I'd like to do also is just show you  
another document that was previously entered as  
AG 2 and see if you can identify that.

A That's the same sort of a printout that we had  
on the Ronnie Corey.

D143 So you believe that it comes from the CVE  
computer system?

A It appears it does. That's....

D144 Do you have any reason to doubt its veracity or  
accuracy?

A No, sir.

D145 The same thing for this one previously marked as

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AG 1, the Ronnie Corey invoice inquiry. Do you have reason to doubt its veracity or accuracy?

A No, I do not.

D146 To the best of your knowledge, are all three of those documents true and accurate copies of the originals--

A Yes.

D147 --as far as you can tell?

A This is right off the computer printout, yes.

MR. HAUSER: Just again for the record noting that this is a print of the computer screen and not the original documents.

D148 Okay. This one that I showed previously, the SECC invoice validation inquiry, does this show a series of payments to this entity known as SECC? Is that correct?

A It appears that it does, yes.

D149 It's two pages. Is that correct?

A Page two of two and page one of two.

D150 Now, subject to my math being correct, does that show roughly nine thousand five hundred dollars in payments to that entity from CVE?

A It appears that it does, yes.

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D151 All right. I appreciate that. So have you ever

heard of SECC before the past couple of days?

A That's been a long time. I don't know that I've heard the term SECC, but no, I didn't remember it.

D152 Okay.

A It was insignificant.

D153 All right. Would you have any reason to believe that SECC could be a company created by John Rex Hampton for services he rendered to CVE?

A I would assume that that's the case, yes. I'm not sure. I don't remember.

D154 So it sounds like your recollection is a little foggy about that?

A About SECC it is.

D155 Okay. I understand. These dates, does it say the dates there when those payments were made?

A Check amount, check date, due date and check date.

D156 Does it say what year the dates were?

A 1998.

D157 1998, so we're talking about seven years ago?

A Six or seven years ago.

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D158 I understand. I know you said that your memory is a little foggy about that, but do you have any idea whether there is any P.O. Box for SECC?

A I have no idea.

D159 Have you ever heard of a company called Southeast Petroleum?

A Vaguely, yes.

D160 I'd like to show you a copy of a document that we entered as an exhibit yesterday, AG-4 from yesterday. This was taken from the Kentucky Secretary of State, their website, which is public knowledge.

A Right.

D161 We entered the Southeast Petroleum into their database and came up with this return.

A Okay.

D162 Can you see the individual here who is listed as the registered agent?

A I do.

D163 What does it say?

A John Rex Hampton.

D164 Do you have any knowledge about Mr. Hampton's

involvement with Southeast Petroleum?

A No.

MR. COOK: I'd just like to admit this as the  
AG's next in order.

MR. HOWARD: We've already done that in the series,  
so that's already number four.

D165 Okay. Do you know whether CVE ever purchased  
bulk fuel from Southeast?

A As I recall they did, yes.

D166 Do you know for about how long that relationship  
went on?

A I'm not sure.

D167 Okay. Do you have any rough idea based on your  
recollection?

A Based on again a conversation with someone, I  
can't remember who, in the last few days, one  
year.

D168 All right. At the times when CVE purchased bulk  
oil from any company do you know whether they  
went through a bidding process?

A I'm not sure.

D169 Okay. Have you ever heard of a company called  
Southeast Petro Mart?

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A No, sir.

D170 Okay. Have you ever heard of a company called Southeast Transport?

A No, sir.

D171 Okay. Were you aware that Ted Hampton acknowledged in Answers to the Attorney General's discovery requests that he owned a company called Southeast Transport?

A I recall that I was involved with the preparing of the rate case, yes.

D172 Okay. All right. Did you just recently retire from the company?

A Yes, Thanksgiving, yeah.

D173 Just at Thanksgiving, okay. All right. So you did do some work regarding the preparation of this rate case?

A Yes, sir.

D174 So that particular question seemed to ring a bell with you?

A It didn't ring a bell. You brought it up.

D175 All right. I understand. During the time that you worked with CVE, did you ever see any trucks present on the property that were not CVE

trucks?

A Yes.

D176 I'm talking especially about semi trucks.

A Flat bed trucks?

D177 Flat bed, yeah.

A Yes, I've saw some.

D178 Did you ever see any CVE employees ever working on those trucks?

A No, I did not.

D179 Okay. Did you ever get to know any of the people who drove those trucks?

A No, I don't know who drove them. I just saw them out there.

D180 Okay. Do you have any idea what they were hauling?

A I have no idea.

D181 Okay. Do you know about roughly how long they were out there?

A I have no idea. It was immaterial to me.

D182 All right. Do you know whether CVE ever did any business with any trucking companies?

A We did business with trucking companies, yeah.

D183 Do you know or recall any of the names of those

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companies?

A UPS, Fed Ex.

D184 I guess I was talking about like contract work with trucking companies, not so much shippers.

A I'm not....not....

D185 Okay. Have you ever heard of a company called Knox Auto Parts?

A Yes, sir.

D186 How did you come to know them?

A I signed checks and saw the materials that were purchased.

D187 Okay About how long did that relationship between Knox and CVE last?

A I'm not sure.

D188 Well, was it like a week or several years?

A More like a year, two years, three years. I'm not sure.

D189 Okay. I understand you don't recall exactly.

A Right.

D190 That's all right. We understand that. Do you know what kind of materials were purchased from Knox?

A As I recall, it was automobile parts, some

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electrical supplies, tape, that kind of miscellaneous items.

D191 All right. Do you know whether any of the Hampton family was involved with Knox Auto Parts?

A Yes. Uh-huh.

D192 Who was?

A At one time John Rex Hampton was.

D193 Okay.

A I think. That was my....that's my assumption, yes.

D194 All right. Do you know whether Steve Hampton was ever involved there, too?

A Yes, he was.

D195 Okay. Steve is what relation to Elbert?

A That's his son.

D196 So that would make Steve the nephew of Ted Hampton. Is that right?

A That's correct.

D197 Okay. Has Steve ever worked for CVE?

A He does now.

D198 What does he do?

A He's a serviceman.

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D199            Okay. If I recall correctly, you said that to the best of your knowledge the relationship lasted anywhere from one to perhaps three years, something like that?

A                I really.....that's a ballpark figure. I have no idea.

D200            Okay. Do you have any recollection during that time period about how much business in rough dollar figures was transacted per month?

A                I have no idea.

D201            Was it pretty steady?

A                Yes.

D202            With regards to the products that Knox Auto Parts provided to CVE, do you know whether there was a bidding process?

A                I don't.....I'm not aware of the bidding process.

D203            All right. Do you have any knowledge about where CVE stores its records?

A                Yes, sir.

D204            Where would that be?

A                There's a basement down in one part of the building. There's in the office, in the vault.

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Records are stored in various places throughout the company.

D205 So you mentioned in the office, in the vault, and you mentioned the basement. Where is that basement?

A It's under the engineering department.

D206 Okay. Is that a different building from the office?

A Yes, sir.

D207 Are there any other places you can think of where records are stored?

A There's some down in the warehouse, old records down in the warehouse.

D208 Is that warehouse there on the CVE property there?

A Yes, sir.

D209 So it sounds like there are three places? Is that correct?

A There's several places there, you know. There's records all over, stored here and there and everywhere.

D210 Okay. To your knowledge would records about Knox Auto be stored there, too?

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A As far as I know, yes.

D211 Would it be a regular practice of the company to store the records of Knox Auto?

A We store records for everything.

D212 All right. Do you know how long the company keeps its records, how far back?

A It depends on what records you're referring to. There's a retention schedule with RUS that we follow.

D213 Okay. Does that RUS retention schedule, to your knowledge, does it have any provision regarding records regarding purchases from contractors?

A I don't know, sir.

D214 You don't remember?

A I don't remember. I don't know. I don't know of anything.

MR. HOWARD: Mr. Hauser, if I may, can we get a copy of the retention policy that you all would have for your records and then also I would like to go back in ten years time for the invoices for Knox Auto Parts assuming that they exist.

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MR. HAUSER: Do you just want to add that to the--

MR. HOWARD: I'll put that in my letter. Thank  
you, sir.

D215 Mr. Prevatte, we had discussed previously a  
little bit about Elbert Hampton. Was he ever an  
employee of CVE?

A Yes, sir.

D216 What kind of work did he do?

A He was a superintendent.

D217 Was that over the whole company?

A Line superintendent.

D218 Line superintendent, was that--

A Outside people.

D219 Over both divisions of the company?

A What are you referring to as both divisions?

D220 Well, is there a separate office for the company  
out east?

A Out east? That's the district office.

D221 The district office.

A He is not over that, no.

D222 Okay. So he is not over that one?

A Not to my knowledge. Well, not to my knowledge,  
no.

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D223 Was Elbert ever on the Board of Directors?

A Yes, he is.

D224 Okay. During the time that he was on the board, did he also do any work for CVE either as an employee or contractor?

A Not that I can recall.

D225 Okay. Do you know whether Elbert was ever involved in any other businesses?

MR. HAUSER: Other than what you've already asked him about?

MR. COOK: Yeah.

A No, sir, I don't know.

D226 That's all right. If you were to be told that Elbert was involved, was on the board of Knox County Hospital--

A That's correct.

D227 --would that trigger your memory?

A That would trigger it, yes.

D228 So you believe he was on the Board of Directors of Knox County Hospital?

A Yes, sir.

D229 Was he also president of that company?

A I don't have no idea about that.

D230 You said Elbert was an employee. Do you have any knowledge about whether Elbert ever received any payments from CVE for any construction work that he may have ever done?

A Not that I know of.

D231 I understand. Have you ever seen any CVE employee or member of the Board of Directors ever fill their personal vehicles with CVE gasoline?

A No, sir.

D231 Okay. Have you ever seen Elbert Hampton leaving the CVE warehouse with materials and placing them in his personal vehicle?

A No, sir.

D232 Okay. Have you ever heard of a company called Hubbs Creek?

A Hubbs Creek Coal Company.

D233 Okay. Have you ever heard of a man named Terry McCreary?

A No, sir.

D234 Okay. Do you know whether there is a company that does mechanical work on CVE trucks that has the name Hubbs Creek somewhere in there?

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A I have no idea.

D235 Have you ever heard of a company called Air Gas?

A No, sir.

D236 Do you know of any company that supplies acetylene to CVE?

A Propane.

D237 Propane?

A Yes.

D238 Is that propane used to heat buildings?

A No, sir.

D239 What is the propane used for?

A To run I call it a dolly or run a piece of equipment that we have in the warehouse.

D240 All right. Do you know who supplies the propane for that?

A Jackson Energy.

D241 Jackson Energy?

A Uh-huh.

D242 Are you aware of any other business dealings with Jackson Energy?

A Not to my knowledge.

D243 Okay. Do you know whether Ted Hampton was

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involved with Jackson Energy in any way?

A Nothing except being good friends.

D244 Could you explain what you mean by good friends?

A He was friends with the management and the people over there. That's a neighboring co-op.

D245 Okay. Do you have any knowledge about any work that CVE did that may have been unnecessary?

A No, sir.

D246 You had mentioned earlier that the company receives RUS loans?

A Yes, sir.

D247 Do you know what the proceeds of those loans are used for?

A Construction.

D248 Does that construction include right of way clearing?

A No, sir.

D249 Okay. So construction is only literally for the construction of new lines?

A That's correct.

D250 If you're going to construct new lines--

A And meters and various other things, you know.

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You have to understand the work order process to know the whole story.

D251 Okay. So if you're going to construct new lines, you've got to have some clear right of way, don't you?

A It depends on where it is, of course. Yes, you do.

D252 Is it possible that some of those RUS loans were used for right of way clearing in conjunction with new line construction?

A I have no idea.

D253 You don't know?

A I don't know.

D254 Do you have any knowledge about a power line that was run off to a cabin off of Red Bird Road?

A No, sir.

D255 Have you ever heard of a man by the name of J.B. Johnson?

A He's a federal judge.

D256 How did you come to know him?

A He used to be our corporate attorney.

D257 Okay. Have you ever heard of a man named Bill

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Nighbert?

A Through the news media.

D258 Okay. Do you know whether J.B. Johnson and Bill Nighbert ever owned any property together?

A No, sir.

D259 Have you ever heard of any power lines ever being laid to any customers for which the customer should have been charged but for which the customer was not charged?

A No, sir.

D260 Okay. Do you know anything about the laying of a power line to the Whitley County School System?

A Just recently I heard about. I don't know anything about it, just heard about it.

D261 Was that just in the past couple of days--

A Yes, sir.

D262 --talking with people who were already deposed?

A Right.

D263 Have you ever heard about the company ever laying any power lines that were not necessary?

A No, sir.

D264 Okay. Have you ever attended a CVE annual

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meeting?

A Every year.

D265 There at the annual meeting have you seen any consumers or members of CVE ever cast a vote for a CVE board member?

A Not at the annual meeting.

D266 Okay. When you say not at the annual meeting, does that mean that you saw that happen elsewhere?

A There's a nominating committee that's formed every year and they appoint the....as I recall, they appoint the....well, most of the time or every time they've appointed the incumbents and there has been no opposition.

D267 So if I understand what you said correctly, the nominating committee is formed. Who forms that?

A The board I think. I'm not sure, but I think the board does.

D268 So the board picks its own nominating committee to nominate the board--

A I think so. I'm not sure.

D269 --and the committee always nominates the

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existing board?

A Yes, the incumbents.

D270 Okay. The incumbents, all right.

A And then there is an annual report that's sent to the members telling them about those particular board members.

D271 Okay. You've told me about how the nominating process works, so tell me about where, how, and by whom CVE Board of Director members are elected.

A How they're elected? Well, there's a nominating committee formed, like I said, and then there has been, in the last twenty-six years, there has been no opposition by the membership--

D272 Okay.

A --that I've been there.

D273 So the nominating committee nominates the incumbents?

A That's what has happened in the past. They haven't nominated any other member. No other members has shown any interest.

D274 Do you know whether there were any records of any ballots in the election results?

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A Ballots, no, sir. There hasn't been an election.

D275 There hasn't been an election in the time you were there? Is that what you're saying?

A Not that I can recall.

D276 Okay. Earlier we discussed a company called Southeast Petroleum. Do you ever recall seeing any invoices from Southeast Petroleum?

A Not at this point. I'm sure I did, but....

D277 Okay. Do you have any knowledge about the keeping of corporate minutes?

A No.

D278 Okay. Do you know who was supposed to take them?

A Mr. Hampton takes them.

D279 Mr. Hampton takes them?

A I think so, yes.

D280 All right. Do you know who the corporate secretary is?

A I did know. It was Mr. Corey, and now I'm not sure.

D281 Do you have any knowledge about CVE selling a used truck to people outside the company? Did

that ever happen when you were there?

A A used truck outside the company?

D282 Yeah.

A I don't remember.

D283 Let me rephrase the question to see if I can help to jog your memory. While you were there at CVE, did the company to your knowledge ever sell any used trucks?

A Yes, sir, by a bid, uh-huh.

D284 They put them out for bid?

A Yeah.

D284 Do you ever recall an incident where a truck was put out for bid after it had been in an accident and after it had been repaired?

A Those trucks, all of them have probably been in an accident at one time or another. I don't know which one....

D285 Okay. All right. I understand. Do you have any knowledge about say when a company vehicle gets in an accident, do you know where the vehicles are taken for appraisals for body work?

A I have no idea.

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D286 Okay. Do you have any knowledge about the company adding money to work projects?

A I don't....I don't understand the question.

D287 Okay. Have you ever, in the course of your work there at CVE, did you ever have any knowledge about any instances in which any of the company senior management instructed people to increase the monetary worth of projects so that they could keep the contractors busy?

A No, sir.

D288 You don't have any knowledge of that?

A No, sir.

D289 In the course of your employment with CVE have you ever learned of any power lines being constructed which were not necessary?

A No, sir.

D290 During the time that you worked at there CVE did anybody ever ask you to do anything that gave you any cause for concern?

A Absolutely not.

D291 Have you ever heard of CVE being referred to as Hampton Valley?

A Yes.

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D292 Okay. Do you know by whom?

A Just a joke. Various people. It's a compliment to the Hamptons.

D293 Okay. Is there any concern you wanted to share with us today?

A Every penny is accounted for. That's my only statement.

MR. COOK: Okay.

**CROSS EXAMINATION**

**By Mr. Hauser:**

X1 I have a few questions, Robert. Do you have any knowledge of what the line loss situation is with Cumberland Valley Electric?

A Yes, sir.

X2 First of all, would you tell us what line loss is?

A That's your core losses on your transformer, your right of way also. If your right of way is not in good condition, it will cause your line loss to be higher because it hits trees and that kind of thing.

X3 Tell us, please, when line loss occurs, what does that do to the bottom line of a co-op or

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any utility?

A If you have line loss, that's power you have purchased that you're not getting revenue for.

X4 So it's important to reduce line loss?

A By all means.

X5 What is one of the cheap ways of preventing line loss? You may have already said that, but--

A Good right of way.

X6 Explain why the right of way is important.

A As I said, if trees are in the line, then you lose power by them....I'm not an engineer, but our line loss is one of the best in the state.

X7 I was going to ask you that in the next question. How does Cumberland Valley's line loss rank with other co-ops?

A If you look at our statistical profiles, you'll see that we're among the best in the state.

X8 Mr. Carroll, Joe Carroll appeared yesterday and gave testimony before this group, and he was asked some questions, number one, about a lawsuit that Cumberland Valley filed against him for return of certain equipment. Were you involved in that lawsuit in terms of assisting

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Cumberland Valley in getting the equipment back?

A As I recall, I discussed it with Joe and encouraged him to send the equipment back.

X9 Did you discuss it with Joe prior to filing the lawsuit? Do you remember?

A I think so. I had one meeting with Joe Carroll after he left, and that was to talk about the metering and talking about the equipment I think.

X10 Do you recall when that was? If Joe left in July--

A It was a week or two after.

X11 Let me finish. Joe left July 27, 2004.

A Okay.

X12 Do you recall with respect to that when you might have met with him?

A Not....a week to a month. I'm not sure how long it was. I don't recall.

X13 Did you ask him on behalf of Cumberland Valley prior to Cumberland Valley having to file a lawsuit against him to return the equipment?

A The best of my recollection we did. I don't

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remember specifically, but we did.

X14 Did you again talk with him after the lawsuit to try to get the equipment returned after the lawsuit had been filed?

A I don't remember that.

X15 If Mr. Carroll said that the only thing he was waiting on was somebody to pick up, whether he was going to return to the equipment or whether somebody was going to pick the equipment up from Cumberland Valley, is that a truthful statement?

A Say that again, Pat.

X16 If Mr. Carroll stated that the only issue with returning the equipment was whether he was going to bring it back or whether somebody from Cumberland Valley was going to go get it, is that a truthful statement?

A I remember those concerns, you know. He said he wasn't going to bring it and this, that and the other and they could come and get it. I don't remember what terms and all, but I remember that conversation, those kinds of conversations from him.

X17 Was that the only concern that Cumberland Valley

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had with the equipment? Let me ask you this. When he first left, do we know what equipment he had exactly? Did Cumberland Valley know?

A Did Cumberland Valley know?

X18 Did Cumberland Valley know what equipment he had?

A No, I didn't.

X19 You say when you asked him to return it, he did not or did he say for Cumberland Valley to come and get it or he was just not going to return it?

A I don't recall.

X20 Your conversations with Joe, was he happy with his employment at Cumberland Valley Electric?

A Not in the last couple or three years or so.

X21 Why was he not happy?

A Pay related.

X22 What do you mean, pay related?

A He felt like he was worth more than he was getting paid.

X23 Were you aware at the time that he was working at Cumberland Valley Electric that he was working for other companies also?

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A Vaguely aware, yes.

X24 How vaguely aware were you?

A I knew that he was with Hunt Technologies in some capacity. I don't know the extent of it.

X25 Who was Hunt Technologies?

A Turtle AMR, vendors.

X26 To the extent of his work for Hunt Technologies, your testimony today is you didn't know what all he was doing for Hunt?

A No, I have no idea.

X27 You mentioned metering, and specifically I want to ask you some questions about the commercial meter. Was Joe responsible for that?

A Yes, he was.

X28 Is that part of what your responsibility is or was while you were an employee of Cumberland Valley Electric, seeing that the billing was done accurately?

A Yes.

X29 Did any problems arise or come to your attention with respect to the three phase and I believe it's called, with the three phase commercial metering?

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A Yes, sir.

X30 Can you explain what those problems were?

A We discovered that we were only being billed for two-thirds of the amount of the usage on various, on about nineteen or twenty accounts.

X31 These were commercial accounts?

A That's correct.

X32 So what you're saying is that the usage that was coming to Cumberland Valley for which a bill was generated was only two-thirds of what was actually being used?

A That's correct.

X33 How did that come to occur?

A Through research we found that the meters were programmed wrong.

X34 Do you know when those meters were programmed roughly?

A Off and on every time an account got turned on or off and on every period of time.

X35 Who was responsible for programming those meters?

A Joe Carroll.

X36 Do you know what the total amount lost was at

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the worst case scenario when you discovered this and started checking the accounts? How much did it cost Cumberland Valley Electric for these mistakes on the metering?

A Well, the final tally was three hundred and twenty-nine thousand dollars.

X37 Were efforts made by you and on behalf of Cumberland Valley to collect those funds?

A We're still in the process of collecting. We visited with those customers or I did along with Mr. Atkins and we talked with them and set up payment plans. It's a very difficult process, but everything is going good right now.

X38 Are you still in the process of collecting them?

A Yes, we are.

X39 Do you know how much you've been able to recoup from these losses?

A Over half of it.

MR. HAUSER: I think that's all.

MS. MITCHELL: I have no questions.

MR. HOWARD: I have just a few.

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CROSS EXAMINATION

By Mr. Howard:

X1 Are you aware that Joe Carroll testified that he had an agreement with Hunt and that he had apprized Mr. Ted Hampton about the employment with Hunt?

A I have no idea about that.

X2 Are you aware that Joe Carroll disputes his responsibility for the three phase billing error?

A I didn't know it.

X3 When did the billing error take place regardless of fault?

A Regardless of what?

X4 Of fault, who was to blame for that.

A When did it take place? Well, it's been a year or so, 2004. It's in the rate case. Part of it is and part of it is in 2003, but it's in the filed rate case.

X5 I'm trying just to tie down the date when you discovered this purported error. Was that recent as in the past few months or--

A We discovered that shortly after Mr. Carroll

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left, but it pertained to prior years, of course, you know, back billing.

X6 Did you take any action or rather did the company take any action against Mr. Carroll?

A No, sir.

X7 Write any letters or anything to that effect?

A No, sir. We just tried to correct the problem.

X8 During a question on direct from Mr. Cook, did Mr. Lay and his company provide the equipment that they used to perform their services for CVE, you said you heard it. From whom did you hear that?

A I didn't understand the question.

X9 When Mr. Cook was asking you about Mr. Lay and his company providing equipment....hang on for just a moment if I may.

MR. HAUSER: Note my objection to an improper cross. I mean it's nothing that I asked, but if you want to clarify that's all right. Redirect. Excuse me.

MR. HOWARD: That's okay. We can just strike that question.

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**CROSS EXAMINATION**

**By Ms. Mitchell:**

X1 I do have a question. Mr. Hauser asked you, he was talking to you about the metering that Mr. Carroll was involved with. Do you know who installed those three phase meters that were faulty?

A Not specifically, no.

X2 Would it have been Joe Carroll that installed them?

A It could have been.

MS. MITCHELL: Thank you.

**RE CROSS EXAMINATION**

**By Mr. Howard:**

RX1 If I can follow up a question that Ms. Mitchell just brought up, are you aware that Mr. Carroll would dispute that he was responsible for the placement of those meters in his testimony?

A No, I was not aware.

MR. HOWARD: Thank you.

**RE CROSS EXAMINATION**

**By Mr. Hauser:**

RX1 I have one more question. Was the installation

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of the meter the problem or was the programming of the meter the problem?

A According to the vendors, it was the programming of the meter.

RX2 Can you explain that?

A When it come from the vendor, it had to be programmed for our type service. I'm not an engineer, but that's....it had to be programmed to suit our--

RX3 Was that program contained on a computer program? Or do you know?

A I would assume so. I don't know that.

RX4 Whose responsibility was it for programming, not installing but programming, these meters that we're talking about?

A Joe Carroll.

RX5 Did anyone else have responsibility for that?

A No one knew how.

MR. HAUSER: Thank you.

**RECROSS EXAMINATION**

**By Mr. Howard:**

RX1 Are you aware of the fact that during the examination of Mr. Carroll he stated that he may

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not have programmed all of the meters?

A No.

MR. HOWARD: No other questions.

MR. HAUSER: No further questions.

MS. MITCHELL: No questions.

MR. COOK: We're all done. Thanks very much, Mr.  
Prevatte.

<><><><><>

THEREUPON, the taking of the deposition  
of ROBERT PREVATTE  
was concluded.

<><><><><>

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**REPORTER'S CERTIFICATE**

STATE OF KENTUCKY )

COUNTY OF BELL )

I, Theresa A. Middleton Saylor, a Notary Public in and for the State of Kentucky at Large, do hereby certify that the witness herein named appeared before me at the time and place stated herein; that said witness was duly sworn by me; that said witness was then examined by the attorney(s) named herein; that the testimony of said witness was taken by me in shorthand notes with electronic backup; that the testimony was reduced by me to the foregoing typewritten pages to the best of my ability; and that said pages constitute a true and accurate record of the testimony given by the witness.

I further certify that the deposition has neither been read nor signed by the witness as such was not expressly requested in accordance with the Kentucky Rules of Civil Procedure [CR 30.05]; that I am not related to, employed by, or associated with any party to this action; and that I am not financially interested in its outcome.

WITNESS MY HAND AND OFFICIAL SEAL this the 11th day of January, 2006.

  
\_\_\_\_\_  
THERESA A. MIDDLETON SAYLOR  
NOTARY PUBLIC, State of Kentucky  
My commission expires 6-12-2006

**THELISA A. SAYLOR**  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED ORIGINAL**

JAN 31 2006

In the Matter of:

PUBLIC SERVICE  
COMMISSION

**RECEIVED**

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY )  
ELECTRIC, INC., )

CASE NO. 2005-00187

JAN 31 2006

PUBLIC SERVICE  
COMMISSION

DEPOSITION OF SAMUEL DAVID TAYLOR

\* \* \* \* \*

The deposition of SAMUEL DAVID TAYLOR was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 4:00 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

\* \* \* \* \*

I N D E X

WITNESS:

PAGE:

SAMUEL DAVID TAYLOR:

Direct examination by Mr. Cook:	3-25
Cross examination by Mr. Hauser:	25-27
Reporter's Certificate:	27

1                    SAMUEL DAVID TAYLOR, having been first duly sworn  
2 by the undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q            Could you spell your name for the court reporter?

5 A            My whole name?

6 Q            Yeah.

7 A            S-a-m-u-e-l, D-a-v-i-d, T-a-y-l-o-r.

8 Q            Okay, and Mr. Taylor, do you go by the  
9 first name of Dave?

10 A            David.

11 Q            Okay. My name's Larry Cook, I work with  
12 the Attorney General Office, the Office  
13 of Rate Intervention, and this is my boss  
14 here, Dennis Howard, works in the same  
15 place. And I'm going to ask the other  
16 people here to introduce themselves to  
17 you.

18 A            Okay.

19                    MS. MITCHELL: Anita Mitchell from the  
20 Public Service Commission.

21                    MS. EDWARDS: I'm Andrea Edwards with the  
22 Public Service Commission.

23                    MR. RUSSELL: Elie Russell with the  
24 Kentucky Public Service Commission.

25                    MR. HAUSER: You know Mr. Hampton that

1 just left, and Pat Hauser.

2 Q That's our court reporter and...

3 MR. HOWARD: And we have Darvin Sebastian  
4 with our office as well.

5 Q Yeah. Alright, Mr. Taylor, I think you probably  
6 know that your company, that Cumberland Valley has  
7 filed for a rate increase with the Public Service  
8 Commission, so the purpose of our being here is to  
9 ask some questions about Cumberland Valley's  
10 business practices. During the course of this  
11 deposition I'm going to refer to Cumberland Valley  
12 as CVE, if that's okay.

13 A Yeah.

14 Q Okay. Have you ever given your  
15 deposition before?

16 A Yes.

17 Q Okay, so then you know that you can't  
18 speak with body language like nodding  
19 your head or...

20 A Yes.

21 Q ...shaking your head...

22 A Yes.

23 Q ...or that kind of thing because it  
24 doesn't translate into the record. Okay,  
25 so just be sure to speak up, and also, if

1                   you don't understand a question I ask or  
2                   if you want me to rephrase it, just speak  
3                   up.  
4        A            Okay.  
5        Q            And I'll do my best to do that.  
6                    Otherwise, we'll assume that you  
7                    understand the question, okay?  
8        A            Okay.  
9        Q            Now, from time to time the other attorneys in the  
10                    room might have an objection, and if that happens  
11                    they'll go ahead and state what their objection is  
12                    and the court reporter will take it down for the  
13                    record, but then after they're finished giving  
14                    their objection you can go ahead and answer the  
15                    question.  
16       A            Okay.  
17       Q            Okay? Alright. Okay, so do you realize  
18                    that you're under oath?  
19       A            Yes.  
20       Q            Okay, great. Are you taking any  
21                    medications today that--or any other  
22                    substance that could prevent you from  
23                    providing honest and accurate answers or  
24                    that could interfere with your  
25                    recollection?

1 A No.

2 Q Okay, I understand. Is your presence  
3 here today in response to a subpoena that  
4 was served upon you to compel your  
5 testimony?

6 A Yes.

7 Q Okay. Could you tell us about your  
8 educational background?

9 A All the way through to--I've had a year and a half  
10 of college.

11 Q Okay, where was that in college?

12 A Sue Bennett, London.

13 Q Okay. What kind of courses are you  
14 taking?

15 A That's what I did take, that's been 30 years ago.

16 Q Oh, okay.

17 A Not now. No, not now. That was my educational  
18 background. I thought you meant...

19 Q Okay, yeah, I didn't know if you were  
20 doing anything currently. Okay, and  
21 Dave, are you currently employed?

22 A Yes.

23 Q And where at?

24 A Cumberland Valley Electric.

25 Q And what do you do for Cumberland Valley?

1 A Serviceman.

2 Q Okay, and what does the serviceman do?

3 A Connects, disconnects, flood lights, outages, meter  
4 readings, meter changes, just the typical service  
5 work, the outside service work of our customers.

6 Q Okay. And what area for Cumberland  
7 Valley?

8 A I've got part of Whitley County, part of McCreary  
9 County and we've got just a few customers in  
10 Tennessee.

11 Q Okay. About how many customers do you  
12 have in Tennessee? Just roughly.

13 A Ten.

14 Q Oh, very very few?

15 A Yeah.

16 Q Okay. That's not many at all, is it?

17 A No. It's a long ways to get to them though.

18 Q Has anybody on behalf of CVE, including  
19 Ted Hampton, has anybody approached you  
20 about your answers to the questions that  
21 we're going to pose to you today?

22 A No.

23 Q Okay. Has anybody from CVE ever  
24 insinuated or told you directly that you  
25 should be forgetful or have any amnesia?

- 1 A No.
- 2 Q Okay. Are you in fear of losing your job  
3 if you should provide truthful answers to  
4 the questions here today?
- 5 A No.
- 6 Q Okay, alright. Have you ever performed any work  
7 for CVE in any other capacity? Has it always been  
8 as the serviceman?
- 9 A Yes.
- 10 Q Okay. And how many years have you worked  
11 with CVE?
- 12 A Come January 23rd I believe it is will be 23 years.
- 13 Q Good for you. During the course of those  
14 23 years with CVE, did you have  
15 opportunity to work with other CVE  
16 employees?
- 17 A Yes.
- 18 Q Could you state who they were?
- 19 A Um.
- 20 Q And I know it's kind of hard going back  
21 that far, but maybe like the past ten  
22 years.
- 23 A Dennis Hart, Gary Brock, John Ferguson, Randall  
24 Campbell, Glen Giles, Jay Hampton, Steve Hampton.
- 25 Q That include Ted Hampton too?

1 A Yes.

2 Q Okay, alright. During the course of your  
3 employment at CVE did you have any opportunity to  
4 learn of a name of an individual named Ken Lay?

5 A Yes.

6 Q Okay. Was Ken Lay ever an employee of  
7 CVE?

8 A I don't know.

9 Q Okay. Do you know whether Mr. Lay owns a business?

10 A He cuts right-of-way.

11 Q He cuts the right-of-way?

12 A Yeah.

13 Q Okay. But you don't know the actual name  
14 of the business, is that right?

15 A Lay--Lay Tree Trimming I think is what it is.

16 Q Alright. I understand. And let's see,  
17 do you have any knowledge about the  
18 billing arrangements between Mr. Lay and  
19 CVE?

20 A No, sir.

21 Q Okay. So do you know about the basis for  
22 how he is--his company is paid for the  
23 services he does for CVE?

24 A No.

25 Q Is it by the job, by the month, hour,

1 week?

2 A I have no idea.

3 Q Okay. Do you know whether Mr. Lay and

4 his company provide the equipment they

5 use?

6 A I have no idea on that either.

7 Q Do you know whether CVE provides any of

8 the equipment that Mr. Lay uses?

9 A No, I don't.

10 A Have you ever heard of a business called C&C

11 Automotive Center, like this, C & C?

12 A No.

13 Q Okay, alright. Do you have any knowledge

14 about CVE's bidding practices, like when

15 it puts a job out for bids?

16 A No.

17 Q Okay. Do you have any idea who at CVE

18 was responsible for handling business

19 operations with right-of-way contractors

20 like Mr. Lay?

21 A Not particularly, no. I just...

22 Q You don't know?

23 A I just--you know, I don't deal with that part of it

24 in the office, I wouldn't really know exactly who

25 is.

- 1 Q That's alright, I understand. In the  
2 course of your work at CVE was there--did  
3 you ever have--did you ever come to know  
4 anything about a bulldozer that CVE  
5 purchased?
- 6 A No.
- 7 Q Okay. Do you know who Ronnie Corey is?
- 8 A Yes.
- 9 Q Who is he?
- 10 A He's a contractor.
- 11 Q Okay. Do you know the name of his  
12 company?
- 13 A Five-C I think it is.
- 14 Q And to your knowledge does Five-C do  
15 business with CVE?
- 16 A Yes.
- 17 Q Do you know what kind of work they do?
- 18 A Line work.
- 19 Q Okay. Line work, is that like they build  
20 new construction or they help with  
21 maintenance or...
- 22 A Both.
- 23 Q Both, okay. Have you seen anybody at CVE  
24 using a bulldozer?
- 25 A Yeah, I've saw--I saw the bulldozer out cutting

1 right-of-way.

2 Q Oh, okay. So if it was right-of-way then

3 it would be Mr. Lay's company using a

4 bulldozer?

5 A I couldn't even tell you the fellow's name that was

6 driving it.

7 Q Oh, okay.

8 A I don't--I don't know, I've saw it working, but I

9 don't know who was driving.

10 Q Do you know whether the guy driving the

11 bulldozer was a CVE employee or whether

12 he worked for Mr. Lay?

13 A I don't know that.

14 Q You don't know either?

15 A Huh-uh.

16 Q And you mentioned Five-C. Do you know

17 who the accountant for Five-C

18 Construction is?

19 A No, I don't.

20 Q Have you heard the name of Wayne Bryant?

21 A Yes.

22 Q Do you know who he is?

23 A Yes.

24 Q Okay, has he worked for CVE?

25 A Yes.

1 Q In what capacity?  
2 A He was, I guess they call him accountant, I guess  
3 is what he was.  
4 Q Do you know about how long he worked for CVE?  
5 A He was there when I started, and he just retired a  
6 few months ago, so I know at least 23 years.  
7 Q Okay, I understand. Have you ever heard  
8 of a man named John Rex Hampton?  
9 A Yes.  
10 Q Do you know, is John Rex related in any  
11 way to Ted Hampton?  
12 A It's his brother.  
13 Q Brother. Is John Rex Hampton married?  
14 A Yes.  
15 Q Do you know his wife's name?  
16 A Yes.  
17 Q What is her name?  
18 A Karen.  
19 Q Is Karen also employed at CVE?  
20 A Yes.  
21 Q Do you know what she does there?  
22 A Bookkeeper I guess. She's the one that gets our--  
23 does our payroll and stuff.  
24 Q So she issues checks?  
25 A Yeah.

- 1 Q Okay. Do you know whether J. R.--John  
2 Rex Hampton has ever worked for CVE?  
3 A Not that I know of.  
4 Q Okay. Do you know whether John Rex at  
5 anytime ever worked on any CVE vehicles?  
6 A Not that I'm aware of.  
7 Q Do you know anything about a business  
8 that's known by four letters, SECC? Have  
9 you ever heard of that?  
10 A No.  
11 Q Okay, alright. Have you ever heard of  
12 another company that's called Southeast  
13 Petroleum?  
14 A Yes.  
15 Q Okay, what exactly did they do? How did you come  
16 to know them?  
17 A Just they hauled fuel.  
18 Q Okay. And do they do business with CVE  
19 also?  
20 A I don't know.  
21 Q So how did you come to know about  
22 Southeast Petroleum?  
23 A Well, John Rex is the owner of it, and I just heard  
24 that he owned Southeast Petroleum.  
25 Q Okay. So you don't know whether

1 Southeast Petroleum ever did any business  
2 with CVE?  
3 A No, I don't know.  
4 Q Have you ever heard of a company called  
5 Southeast Petro Mart?  
6 A No.  
7 Q Have you ever heard of a company called  
8 Southeast Transport?  
9 A No.  
10 Q Do you have any knowledge about whether  
11 any CVE employees may have ever worked on  
12 any vehicles that were not owned by CVE?  
13 A No.  
14 Q Have you ever heard of a company called  
15 Knox Auto Parts?  
16 A Yes.  
17 Q How did you come to know about them?  
18 A Well, they're auto parts right here in town.  
19 Q Have you yourself done any business  
20 there?  
21 A No.  
22 Q Okay. Does CVE do any business with  
23 them?  
24 A I don't know.  
25 Q Okay. Do you know who owned or who

1                   operated Knox Auto Parts?  
2    A                You mean right now?  
3    Q                Let's say anytime within the past fifteen years?  
4    A                Yes.  
5    Q                Okay, who was that?  
6    A                John Rex Hampton.  
7    Q                John Rex Hampton?  
8    A                Yeah.  
9    Q                Have you ever heard of a man named Steve  
10                   Hampton?  
11   A                Yes.  
12   Q                Do you know who he is?  
13   A                Yes.  
14   Q                Does he bear any relationship with Ted  
15                   Hampton?  
16   A                Yes.  
17   Q                What is that?  
18   A                I'm not good with family trees. I guess it would  
19                   be cousin, I guess it would be.  
20   Q                Okay, so is Steve a son of another  
21                   Hampton? Do you know who Steve's father  
22                   is?  
23   A                Yes.  
24   Q                Okay, who is Steve's father?  
25   A                Elbert.

1 Q Elbert?  
2 A Yeah.  
3 Q So Elbert is Ted Hampton's brother, is  
4 that correct?  
5 A Yes.  
6 Q Okay, so I guess that would make Steve  
7 the nephew of Ted Hampton?  
8 A Yeah, yeah.  
9 Q Okay. So you don't know whether Knox  
10 Auto Parts ever did any business with  
11 CVE, is that correct?  
12 A No, I don't, I don't know for sure.  
13 Q And we asked about Steve Hampton. Do you  
14 know if Steve ever did any business or  
15 ever worked with Knox Auto Parts?  
16 A I think he used to work there. That's all I know.  
17 Q Okay. And does Steve currently work with  
18 CVE?  
19 A Yes.  
20 Q Okay, do you know what Steve does?  
21 A Same thing as me, serviceman.  
22 Q Okay, in the same territory as you?  
23 A No. No, we all got separate territories.  
24 Q Okay. Do you know where CVE stores its  
25 records?

- 1 A No.
- 2 Q Now, we discussed a man named Elbert  
3 Hampton, and you said that he's Ted's  
4 brother. Did Elbert ever serve on the  
5 CVE board of directors?
- 6 A Yes.
- 7 Q Okay. And do you know about when he came  
8 onto the board?
- 9 A I would be guessing. I'm not exactly for sure.
- 10 Q Okay, if you don't know for sure that's  
11 okay. We understand. Did Elbert ever--  
12 to your knowledge did Elbert ever work  
13 for or on behalf of Knox Auto Parts?
- 14 A Not that I'm aware of.
- 15 Q Okay. Do you know whether Elbert was ever  
16 involved in any other businesses?
- 17 A Not that I'm aware of.
- 18 Q Do you know whether Elbert was ever an  
19 employee of CVE?
- 20 A Yes.
- 21 Q For about how long?
- 22 A He was there when I started so, and then he retired  
23 I guess four or five years I guess, something like  
24 that. I'm not exactly sure when he retired, but--I  
25 really don't know how long he was actually there.

- 1 Q Okay, alright. Do you know, was Elbert  
2 ever an employee at the same time that he  
3 was on the board of directors?
- 4 A Not that I'm aware of.
- 5 Q Have you ever seen or otherwise learned  
6 of Elbert Hampton filling his personal  
7 vehicle with CVE gasoline?
- 8 A No.
- 9 Q Have you ever seen or heard of Elbert  
10 Hampton picking up materials from the CVE  
11 warehouse and putting them into his  
12 personal vehicle?
- 13 A No.
- 14 Q Have you ever heard of a business called  
15 Hubbs Creek?
- 16 A No.
- 17 Q Okay. Does the name Terry McCreary mean anything  
18 to you?
- 19 A No.
- 20 Q Have you ever heard of a business called  
21 Air Gas?
- 22 A Air Gas?
- 23 Q Yeah.
- 24 A I've saw tractor-trailers with Air Gas  
25 wrote on the side of them, but that's all

1 I know.

2 Q Where have you seen them?

3 A Up and down the road, just everywhere.

4 Q Do you know who supplies acetylene and  
5 oxygen and tanks to CVE?

6 A No.

7 Q Do you have any knowledge about a power  
8 line that was run to a cabin off of Red  
9 Bird Road?

10 A I know where a cabin's at, but I don't have no  
11 knowledge of a line and stuff.

12 Q Did you ever work on that project?

13 A No.

14 Q Okay. Does the name J. B. Johnson mean  
15 anything to you?

16 A Yes.

17 Q Do you know who that is?

18 A He used to be our attorney.

19 Q Okay. And that cabin off of Red Bird  
20 Road, do you know who owns it?

21 A No, not exactly.

22 Q Okay, does the name Bill Nighbert mean anything to  
23 you?

24 A He used to be mayor of Williamsburg I think.

25 Q Okay. Do you--you said that your

- 1 territory included Whitley County?
- 2 A Yes, part of it.
- 3 Q Do you know anything about the laying of
- 4 an underground power line to the Whitley
- 5 County School System?
- 6 A I just know it was put in is all I know.
- 7 Q Okay, did you work on that project?
- 8 A No.
- 9 Q Okay. The underground line, was that a
- 10 project for which the customer should
- 11 have borne at least part of the cost?
- 12 A I have no idea.
- 13 Q Well, is it usual--is it normal for an
- 14 underground line to be charged at least
- 15 in part to the customer?
- 16 A Uh...
- 17 Q Isn't an underground...
- 18 A Up to so many feet they--I don't know exactly what
- 19 the paperwork is, but I know up to so many feet
- 20 there's no charge and then over so many feet you
- 21 get charged.
- 22 Q Okay. Is that the same for an overhead
- 23 line?
- 24 A Yes.
- 25 Q Okay. Is it more restrictive for an underground

1 line?

2 A I really don't know, I couldn't answer that.

3 Q Is it more expensive to put in an

4 underground line as opposed to an

5 overhead?

6 A I can't answer that either because I don't know the

7 expenses that's incurred in that.

8 Q Do you know if any part of that job for the Whitley

9 County School System, do you know if any part of it

10 was charged to a customer in that job?

11 A I have no idea.

12 Q Do you know where Ted Hampton's wife

13 works?

14 A Yes.

15 Q Where is that?

16 A Whitley County Board of Education.

17 Q Okay. Does John Rex Hampton's daughter

18 also work for the same school system?

19 A I don't know.

20 Q While you worked at CVE have you ever

21 learned of any lines being laid which

22 were not necessary?

23 A No.

24 Q Have you ever attended a CVE annual

25 meeting?

1 A Yes.

2 Q About how many of those have you  
3 attended?

4 A Twenty-three.

5 Q Oh, you attended all of them, huh?

6 A Yeah.

7 Q Okay. And what did you do at those meetings? Were  
8 you working the meeting?

9 A Yeah.

10 Q Okay. Were you there for when the board  
11 of directors was elected?

12 A Well, about all the annual meetings I stay outside,  
13 and we've got a truck that we give out buckets and  
14 bulbs to the consumers, and I work in the truck  
15 outside.

16 Q Okay.

17 A I'm never inside for the meetings going  
18 on.

19 Q Okay, so you don't have any personal  
20 knowledge of the election of the board of  
21 directors?

22 A No.

23 Q Have you ever heard of a truck that CVE used to own  
24 that was called truck No. 61?

25 A Not that I'm aware of.

1 Q Okay. Do you have any knowledge about instances in  
2 which the company would sell older trucks to other  
3 people? Or trucks that might have been involved in  
4 accidents?

5 A Yeah.

6 Q Okay. Do you know whether Elbert Hampton  
7 ever bought one of those trucks?

8 A I'm not aware of it.

9 Q Okay. Do you know whether Elbert Hampton  
10 owns any other vehicles of his own? Any  
11 other trucks, I'll put it that way.

12 A Not that I'm aware of. I really don't know.

13 Q Okay. Do you have any knowledge of any  
14 instances in which the company added  
15 money to work projects?

16 A No.

17 Q During the course of my questions we've  
18 talked about some of Ted Hampton's  
19 relatives who work for CVE, and you  
20 mentioned Karen and Steve and Elbert, and  
21 we also talked in another context about  
22 John Rex Hampton. Are there any other  
23 Hamptons who work at the company that you  
24 know of?

25 A Jay.

1 Q Jay? Does he also go by the name of  
2 William?

3 A Yeah.

4 Q Anybody else you can think of?

5 A Not that I'm aware of.

6 Q During the course of your employment  
7 there at CVE did anybody ever ask you to  
8 do anything that you questioned or gave  
9 you cause for any kind of concern?

10 A No.

11 Q Have you ever heard of CVE being referred  
12 to as Hampton Valley?

13 A Yes.

14 Q Okay, by whom?

15 A I don't know who he was. I don't know who the man  
16 was, but I did hear it.

17 Q Okay. Is there any other concern you  
18 want to share with us?

19 A No, that's about it.

20 MR. COOK: That's all the questions I  
21 have at this time.

22 CROSS EXAMINATION BY MR. HAUSER:

23 Q David, you do work in the service department,  
24 correct?

25 A Yes.

1 Q How does Cumberland Valley Electric  
2 service department stand up in terms of  
3 down time when power goes out and that  
4 kind of thing?

5 A I've had the opportunity to go to a lot of other  
6 places in the last few years and do some talking,  
7 and I think we do pretty good, real good.

8 Q Is that something that you're proud of?

9 A Yes.

10 Q Do you know anything about the rates? Of  
11 course, we're here on a rate case, but--  
12 to increase the rates, but do you know  
13 anything about how Cumberland Valley's  
14 rates stand with respect to other co-ops  
15 in the state of Kentucky?

16 A We're if not one of the cheapest.

17 Q Do you know why that's the case?

18 A I've got my opinions.

19 Q What is that opinion?

20 MR. HOWARD: Objection, speculation. You  
21 can go ahead and answer.

22 MR. COOK: Go ahead and answer.

23 A I think it's because the way the operations and  
24 everything is done, and you know, we--we just take  
25 pride in it and everybody works together and I just

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don't see that much is done that's not needed to be done, there's not a lot of stuff wasted that I see.

MR. HAUSER: Thank you.

MS. MITCHELL: I have no questions.

MR. COOK: That's it.

(Deposition adjourned at 4:25 p.m.)

\* \* \* \* \*

STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

*Virginia Bunch*  
\_\_\_\_\_  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY  
 BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
 OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
 ELECTRIC, INC., )

DEPOSITION OF SAMUEL DAVID TAYLOR

\*\*\*\*\*

The deposition of SAMUEL DAVID TAYLOR was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 4:00 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITAMITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\*\*\*\*\*

VIRGINIA BUNCH  
 BUNCH REPORTING & VIDEO  
 247 Steven Lane  
 Williamsburg, KY 40769-2633  
 (606) 786-0505  
 1-800-425-3132

1 SAMUEL DAVID TAYLOR, having been first duly sworn  
 2 by the undersigned Notary Public, testified as follows:  
 3 DIRECT EXAMINATION BY MR. COOK:  
 4 Q Could you spell your name for the court reporter?  
 5 A My whole name?  
 6 Q Yeah.  
 7 A S-a-m-u-e-l, D-a-v-i-d, T-a-y-l-o-r.  
 8 Q Okay, and Mr. Taylor, do you go by the  
 9 first name of Dave?  
 10 A David.  
 11 Q Okay. My name's Larry Cook, I work with  
 12 the Attorney General Office, the Office  
 13 of Rate Intervention, and this is my boss  
 14 here, Dennis Howard, works in the same  
 15 place. And I'm going to ask the other  
 16 people here to introduce themselves to  
 17 you.  
 18 A Okay.  
 19 MS. MITCHELL: Anita Mitchell from the  
 20 Public Service Commission.  
 21 MS. EDWARDS: I'm Andrea Edwards with the  
 22 Public Service Commission.  
 23 MR. RUSSELL: Elie Russell with the  
 24 Kentucky Public Service Commission.  
 25 MR. HAUSER: You know Mr. Hampton that

Elie Russell; from Cumberland Valley Electric Mr. James  
 Adkins.

\*\*\*\*\*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>SAMUEL DAVID TAYLOR:</u>	
Direct examination by Mr. Cook:	3-25
Cross examination by Mr. Hauser:	25-27
Reporter's Certificate:	27

1 just left, and Pat Hauser.  
 2 Q That's our court reporter and...  
 3 MR. HOWARD: And we have Darvin Sebastian  
 4 with our office as well.  
 5 Q Yeah. Alright, Mr. Taylor, I think you probably  
 6 know that your company, that Cumberland Valley has  
 7 filed for a rate increase with the Public Service  
 8 Commission, so the purpose of our being here is to  
 9 ask some questions about Cumberland Valley's  
 10 business practices. During the course of this  
 11 deposition I'm going to refer to Cumberland Valley  
 12 as CVE, if that's okay.  
 13 A Yeah.  
 14 Q Okay. Have you ever given your  
 15 deposition before?  
 16 A Yes.  
 17 Q Okay, so then you know that you can't  
 18 speak with body language like nodding  
 19 your head or...  
 20 A Yes.  
 21 Q ...shaking your head...  
 22 A Yes.  
 23 Q ...or that kind of thing because it  
 24 doesn't translate into the record. Okay,  
 25 so just be sure to speak up, and also, if

1 you don't understand a question I ask or  
 2 if you want me to rephrase it, just speak  
 3 up.  
 4 A Okay.  
 5 Q And I'll do my best to do that.  
 6 Otherwise, we'll assume that you  
 7 understand the question, okay?  
 8 A Okay.  
 9 Q Now, from time to time the other attorneys in the  
 10 room might have an objection, and if that happens  
 11 they'll go ahead and state what their objection is  
 12 and the court reporter will take it down for the  
 13 record, but then after they're finished giving  
 14 their objection you can go ahead and answer the  
 15 question.  
 16 A Okay.  
 17 Q Okay? Alright. Okay, so do you realize  
 18 that you're under oath?  
 19 A Yes.  
 20 Q Okay, great. Are you taking any  
 21 medications today that--or any other  
 22 substance that could prevent you from  
 23 providing honest and accurate answers or  
 24 that could interfere with your  
 25 recollection?

1 A Serviceman.  
 2 Q Okay, and what does the serviceman do?  
 3 A Connects, disconnects, flood lights, outages, meter  
 4 readings, meter changes, just the typical service  
 5 work, the outside service work of our customers.  
 6 Q Okay. And what area for Cumberland  
 7 Valley?  
 8 A I've got part of Whitley County, part of McCreary  
 9 County and we've got just a few customers in  
 10 Tennessee.  
 11 Q Okay. About how many customers do you  
 12 have in Tennessee? Just roughly.  
 13 A Ten.  
 14 Q Oh, very very few?  
 15 A Yeah.  
 16 Q Okay. That's not many at all, is it?  
 17 A No. It's a long ways to get to them though.  
 18 Q Has anybody on behalf of CVE, including  
 19 Ted Hampton, has anybody approached you  
 20 about your answers to the questions that  
 21 we're going to pose to you today?  
 22 A No.  
 23 Q Okay. Has anybody from CVE ever  
 24 insinuated or told you directly that you  
 25 should be forgetful or have any amnesia?

1 A No.  
 2 Q Okay, I understand. Is your presence  
 3 here today in response to a subpoena that  
 4 was served upon you to compel your  
 5 testimony?  
 6 A Yes.  
 7 Q Okay. Could you tell us about your  
 8 educational background?  
 9 A All the way through to--I've had a year and a half  
 10 of college.  
 11 Q Okay, where was that in college?  
 12 A Sue Bennett, London.  
 13 Q Okay. What kind of courses are you  
 14 taking?  
 15 A That's what I did take, that's been 30 years ago.  
 16 Q Oh, okay.  
 17 A Not now. No, not now. That was my educational  
 18 background. I thought you meant...  
 19 Q Okay, yeah, I didn't know if you were  
 20 doing anything currently. Okay, and  
 21 Dave, are you currently employed?  
 22 A Yes.  
 23 Q And where at?  
 24 A Cumberland Valley Electric.  
 25 Q And what do you do for Cumberland Valley?

1 A No.  
 2 Q Okay. Are you in fear of losing your job  
 3 if you should provide truthful answers to  
 4 the questions here today?  
 5 A No.  
 6 Q Okay, alright. Have you ever performed any work  
 7 for CVE in any other capacity? Has it always been  
 8 as the serviceman?  
 9 A Yes.  
 10 Q Okay. And how many years have you worked  
 11 with CVE?  
 12 A Come January 23rd I believe it is will be 23 years.  
 13 Q Good for you. During the course of those  
 14 23 years with CVE, did you have  
 15 opportunity to work with other CVE  
 16 employees?  
 17 A Yes.  
 18 Q Could you state who they were?  
 19 A Um.  
 20 Q And I know it's kind of hard going back  
 21 that far, but maybe like the past ten  
 22 years.  
 23 A Dennis Hart, Gary Brock, John Ferguson, Randall  
 24 Campbell, Glen Giles, Jay Hampton, Steve Hampton.  
 25 Q That include Ted Hampton too?

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Page 11

1 A Yes.

2 Q Okay, alright. During the course of your

3 employment at CVE did you have any opportunity to

4 learn of a name of an individual named Ken Lay?

5 A Yes.

6 Q Okay. Was Ken Lay ever an employee of

7 CVE?

8 A I don't know.

9 Q Okay. Do you know whether Mr. Lay owns a business?

10 A He cuts right-of-way.

11 Q He cuts the right-of-way?

12 A Yeah.

13 Q Okay. But you don't know the actual name

14 of the business, is that right?

15 A Lay--Lay Tree Trimming I think is what it is.

16 Q Alright. I understand. And let's see,

17 do you have any knowledge about the

18 billing arrangements between Mr. Lay and

19 CVE?

20 A No, sir.

21 Q Okay. So do you know about the basis for

22 how he is--his company is paid for the

23 services he does for CVE?

24 A No.

25 Q Is it by the job, by the month, hour,

1 Q That's alright, I understand. In the

2 course of your work at CVE was there--did

3 you ever have--did you ever come to know

4 anything about a bulldozer that CVE

5 purchased?

6 A No.

7 Q Okay. Do you know who Ronnie Corey is?

8 A Yes.

9 Q Who is he?

10 A He's a contractor.

11 Q Okay. Do you know the name of his

12 company?

13 A Five-C I think it is.

14 Q And to your knowledge does Five-C do

15 business with CVE?

16 A Yes.

17 Q Do you know what kind of work they do?

18 A Line work.

19 Q Okay. Line work, is that like they build

20 new construction or they help with

21 maintenance or...

22 A Both.

23 Q Both, okay. Have you seen anybody at CVE

24 using a bulldozer?

25 A Yeah, I've saw--I saw the bulldozer out cutting

Page 10

Page 12

1 week?

2 A I have no idea.

3 Q Okay. Do you know whether Mr. Lay and

4 his company provide the equipment they

5 use?

6 A I have no idea on that either.

7 Q Do you know whether CVE provides any of

8 the equipment that Mr. Lay uses?

9 A No, I don't.

10 A Have you ever heard of a business called C&C

11 Automotive Center, like this, C & C?

12 A No.

13 Q Okay, alright. Do you have any knowledge

14 about CVE's bidding practices, like when

15 it puts a job out for bids?

16 A No.

17 Q Okay. Do you have any idea who at CVE

18 was responsible for handling business

19 operations with right-of-way contractors

20 like Mr. Lay?

21 A Not particularly, no. I just...

22 Q You don't know?

23 A I just--you know, I don't deal with that part of it

24 in the office, I wouldn't really know exactly who

25 is.

1 right-of-way.

2 Q Oh, okay. So if it was right-of-way then

3 it would be Mr. Lay's company using a

4 bulldozer?

5 A I couldn't even tell you the fellow's name that was

6 driving it.

7 Q Oh, okay.

8 A I don't--I don't know, I've saw it working, but I

9 don't know who was driving.

10 Q Do you know whether the guy driving the

11 bulldozer was a CVE employee or whether

12 he worked for Mr. Lay?

13 A I don't know that.

14 Q You don't know either?

15 A Huh-uh.

16 Q And you mentioned Five-C. Do you know

17 who the accountant for Five-C

18 Construction is?

19 A No, I don't.

20 Q Have you heard the name of Wayne Bryant?

21 A Yes.

22 Q Do you know who he is?

23 A Yes.

24 Q Okay, has he worked for CVE?

25 A Yes.

1 Q In what capacity?  
 2 A He was, I guess they call him accountant, I guess  
 3 is what he was.  
 4 Q Do you know about how long he worked for CVE?  
 5 A He was there when I started, and he just retired a  
 6 few months ago, so I know at least 23 years.  
 7 Q Okay, I understand. Have you ever heard  
 8 of a man named John Rex Hampton?  
 9 A Yes.  
 10 Q Do you know, is John Rex related in any  
 11 way to Ted Hampton?  
 12 A It's his brother.  
 13 Q Brother. Is John Rex Hampton married?  
 14 A Yes.  
 15 Q Do you know his wife's name?  
 16 A Yes.  
 17 Q What is her name?  
 18 A Karen.  
 19 Q Is Karen also employed at CVE?  
 20 A Yes.  
 21 Q Do you know what she does there?  
 22 A Bookkeeper I guess. She's the one that gets our--  
 23 does our payroll and stuff.  
 24 Q So she issues checks?  
 25 A Yeah.

1 Southeast Petroleum ever did any business  
 2 with CVE?  
 3 A No, I don't know.  
 4 Q Have you ever heard of a company called  
 5 Southeast Petro Mart?  
 6 A No.  
 7 Q Have you ever heard of a company called  
 8 Southeast Transport?  
 9 A No.  
 10 Q Do you have any knowledge about whether  
 11 any CVE employees may have ever worked on  
 12 any vehicles that were not owned by CVE?  
 13 A No.  
 14 Q Have you ever heard of a company called  
 15 Knox Auto Parts?  
 16 A Yes.  
 17 Q How did you come to know about them?  
 18 A Well, they're auto parts right here in town.  
 19 Q Have you yourself done any business  
 20 there?  
 21 A No.  
 22 Q Okay. Does CVE do any business with  
 23 them?  
 24 A I don't know.  
 25 Q Okay. Do you know who owned or who

1 Q Okay. Do you know whether J. R.--John  
 2 Rex Hampton has ever worked for CVE?  
 3 A Not that I know of.  
 4 Q Okay. Do you know whether John Rex at  
 5 anytime ever worked on any CVE vehicles?  
 6 A Not that I'm aware of.  
 7 Q Do you know anything about a business  
 8 that's known by four letters, SECC? Have  
 9 you ever heard of that?  
 10 A No.  
 11 Q Okay, alright. Have you ever heard of  
 12 another company that's called Southeast  
 13 Petroleum?  
 14 A Yes.  
 15 Q Okay, what exactly did they do? How did you come  
 16 to know them?  
 17 A Just they hauled fuel.  
 18 Q Okay. And do they do business with CVE  
 19 also?  
 20 A I don't know.  
 21 Q So how did you come to know about  
 22 Southeast Petroleum?  
 23 A Well, John Rex is the owner of it, and I just heard  
 24 that he owned Southeast Petroleum.  
 25 Q Okay. So you don't know whether

1 operated Knox Auto Parts?  
 2 A You mean right now?  
 3 Q Let's say anytime within the past fifteen years?  
 4 A Yes.  
 5 Q Okay, who was that?  
 6 A John Rex Hampton.  
 7 Q John Rex Hampton?  
 8 A Yeah.  
 9 Q Have you ever heard of a man named Steve  
 10 Hampton?  
 11 A Yes.  
 12 Q Do you know who he is?  
 13 A Yes.  
 14 Q Does he bear any relationship with Ted  
 15 Hampton?  
 16 A Yes.  
 17 Q What is that?  
 18 A I'm not good with family trees. I guess it would  
 19 be cousin, I guess it would be.  
 20 Q Okay, so is Steve a son of another  
 21 Hampton? Do you know who Steve's father  
 22 is?  
 23 A Yes.  
 24 Q Okay, who is Steve's father?  
 25 A Elbert.

1 Q Elbert?  
 2 A Yeah.  
 3 Q So Elbert is Ted Hampton's brother, is  
 4 that correct?  
 5 A Yes.  
 6 Q Okay, so I guess that would make Steve  
 7 the nephew of Ted Hampton?  
 8 A Yeah, yeah.  
 9 Q Okay. So you don't know whether Knox  
 10 Auto Parts ever did any business with  
 11 CVE, is that correct?  
 12 A No, I don't, I don't know for sure.  
 13 Q And we asked about Steve Hampton. Do you  
 14 know if Steve ever did any business or  
 15 ever worked with Knox Auto Parts?  
 16 A I think he used to work there. That's all I know.  
 17 Q Okay. And does Steve currently work with  
 18 CVE?  
 19 A Yes.  
 20 Q Okay, do you know what Steve does?  
 21 A Same thing as me, serviceman.  
 22 Q Okay, in the same territory as you?  
 23 A No. No, we all got separate territories.  
 24 Q Okay. Do you know where CVE stores its  
 25 records?

1 Q Okay, alright. Do you know, was Elbert  
 2 ever an employee at the same time that he  
 3 was on the board of directors?  
 4 A Not that I'm aware of.  
 5 Q Have you ever seen or otherwise learned  
 6 of Elbert Hampton filling his personal  
 7 vehicle with CVE gasoline?  
 8 A No.  
 9 Q Have you ever seen or heard of Elbert  
 10 Hampton picking up materials from the CVE  
 11 warehouse and putting them into his  
 12 personal vehicle?  
 13 A No.  
 14 Q Have you ever heard of a business called  
 15 Hubbs Creek?  
 16 A No.  
 17 Q Okay. Does the name Terry McCreary mean anything  
 18 to you?  
 19 A No.  
 20 Q Have you ever heard of a business called  
 21 Air Gas?  
 22 A Air Gas?  
 23 Q Yeah.  
 24 A I've saw tractor-trailers with Air Gas  
 25 wrote on the side of them, but that's all

1 A No.  
 2 Q Now, we discussed a man named Elbert  
 3 Hampton, and you said that he's Ted's  
 4 brother. Did Elbert ever serve on the  
 5 CVE board of directors?  
 6 A Yes.  
 7 Q Okay. And do you know about when he came  
 8 onto the board?  
 9 A I would be guessing. I'm not exactly for sure.  
 10 Q Okay, if you don't know for sure that's  
 11 okay. We understand. Did Elbert ever--  
 12 to your knowledge did Elbert ever work  
 13 for or on behalf of Knox Auto Parts?  
 14 A Not that I'm aware of.  
 15 Q Okay. Do you know whether Elbert was ever  
 16 involved in any other businesses?  
 17 A Not that I'm aware of.  
 18 Q Do you know whether Elbert was ever an  
 19 employee of CVE?  
 20 A Yes.  
 21 Q For about how long?  
 22 A He was there when I started so, and then he retired  
 23 I guess four or five years I guess, something like  
 24 that. I'm not exactly sure when he retired, but--I  
 25 really don't know how long he was actually there.

1 I know.  
 2 Q Where have you seen them?  
 3 A Up and down the road, just everywhere.  
 4 Q Do you know who supplies acetylene and  
 5 oxygen and tanks to CVE?  
 6 A No.  
 7 Q Do you have any knowledge about a power  
 8 line that was run to a cabin off of Red  
 9 Bird Road?  
 10 A I know where a cabin's at, but I don't have no  
 11 knowledge of a line and stuff.  
 12 Q Did you ever work on that project?  
 13 A No.  
 14 Q Okay. Does the name J. B. Johnson mean  
 15 anything to you?  
 16 A Yes.  
 17 Q Do you know who that is?  
 18 A He used to be our attorney.  
 19 Q Okay. And that cabin off of Red Bird  
 20 Road, do you know who owns it?  
 21 A No, not exactly.  
 22 Q Okay, does the name Bill Nighbert mean anything to  
 23 you?  
 24 A He used to be mayor of Williamsburg I think.  
 25 Q Okay. Do you--you said that your

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1 territory included Whitley County?  
 2 A Yes, part of it.  
 3 Q Do you know anything about the laying of  
 4 an underground power line to the Whitley  
 5 County School System?  
 6 A I just know it was put in is all I know.  
 7 Q Okay, did you work on that project?  
 8 A No.  
 9 Q Okay. The underground line, was that a  
 10 project for which the customer should  
 11 have borne at least part of the cost?  
 12 A I have no idea.  
 13 Q Well, is it usual--is it normal for an  
 14 underground line to be charged at least  
 15 in part to the customer?  
 16 A Uh...  
 17 Q Isn't an underground...  
 18 A Up to so many feet they--I don't know exactly what  
 19 the paperwork is, but I know up to so many feet  
 20 there's no charge and then over so many feet you  
 21 get charged.  
 22 Q Okay. Is that the same for an overhead  
 23 line?  
 24 A Yes.  
 25 Q Okay. Is it more restrictive for an underground

1 A Yes.  
 2 Q About how many of those have you  
 3 attended?  
 4 A Twenty-three.  
 5 Q Oh, you attended all of them, huh?  
 6 A Yeah.  
 7 Q Okay. And what did you do at those meetings? Were  
 8 you working the meeting?  
 9 A Yeah.  
 10 Q Okay. Were you there for when the board  
 11 of directors was elected?  
 12 A Well, about all the annual meetings I stay outside,  
 13 and we've got a truck that we give out buckets and  
 14 bulbs to the consumers, and I work in the truck  
 15 outside.  
 16 Q Okay.  
 17 A I'm never inside for the meetings going  
 18 on.  
 19 Q Okay, so you don't have any personal  
 20 knowledge of the election of the board of  
 21 directors?  
 22 A No.  
 23 Q Have you ever heard of a truck that CVE used to own  
 24 that was called truck No. 61?  
 25 A Not that I'm aware of.

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1 line?  
 2 A I really don't know, I couldn't answer that.  
 3 Q Is it more expensive to put in an  
 4 underground line as opposed to an  
 5 overhead?  
 6 A I can't answer that either because I don't know the  
 7 expenses that's incurred in that.  
 8 Q Do you know if any part of that job for the Whitley  
 9 County School System, do you know if any part of it  
 10 was charged to a customer in that job?  
 11 A I have no idea.  
 12 Q Do you know where Ted Hampton's wife  
 13 works?  
 14 A Yes.  
 15 Q Where is that?  
 16 A Whitley County Board of Education.  
 17 Q Okay. Does John Rex Hampton's daughter  
 18 also work for the same school system?  
 19 A I don't know.  
 20 Q While you worked at CVE have you ever  
 21 learned of any lines being laid which  
 22 were not necessary?  
 23 A No.  
 24 Q Have you ever attended a CVE annual  
 25 meeting?

1 Q Okay. Do you have any knowledge about instances in  
 2 which the company would sell older trucks to other  
 3 people? Or trucks that might have been involved in  
 4 accidents?  
 5 A Yeah.  
 6 Q Okay. Do you know whether Elbert Hampton  
 7 ever bought one of those trucks?  
 8 A I'm not aware of it.  
 9 Q Okay. Do you know whether Elbert Hampton  
 10 owns any other vehicles of his own? Any  
 11 other trucks, I'll put it that way.  
 12 A Not that I'm aware of. I really don't know.  
 13 Q Okay. Do you have any knowledge of any  
 14 instances in which the company added  
 15 money to work projects?  
 16 A No.  
 17 Q During the course of my questions we've  
 18 talked about some of Ted Hampton's  
 19 relatives who work for CVE, and you  
 20 mentioned Karen and Steve and Elbert, and  
 21 we also talked in another context about  
 22 John Rex Hampton. Are there any other  
 23 Hamptons who work at the company that you  
 24 know of?  
 25 A Jay.

1 Q Jay? Does he also go by the name of  
 2 William?  
 3 A Yeah.  
 4 Q Anybody else you can think of?  
 5 A Not that I'm aware of.  
 6 Q During the course of your employment  
 7 there at CVE did anybody ever ask you to  
 8 do anything that you questioned or gave  
 9 you cause for any kind of concern?  
 10 A No.  
 11 Q Have you ever heard of CVE being referred  
 12 to as Hampton Valley?  
 13 A Yes.  
 14 Q Okay, by whom?  
 15 A I don't know who he was. I don't know who the man  
 16 was, but I did hear it.  
 17 Q Okay. Is there any other concern you  
 18 want to share with us?  
 19 A No, that's about it.  
 20 MR. COOK: That's all the questions I  
 21 have at this time.

22 CROSS EXAMINATION BY MR. HAUSER:

23 Q David, you do work in the service department,  
 24 correct?  
 25 A Yes.

1 don't see that much is done that's not needed to be  
 2 done, there's not a lot of stuff wasted that I see.  
 3 MR. HAUSER: Thank you.  
 4 MS. MITCHELL: I have no questions.  
 5 MR. COOK: That's it.  
 6 (Deposition adjourned at 4:25 p.m.)  
 7 \* \* \* \* \*  
 8 STATE OF KENTUCKY  
 9  
 10 COUNTY OF KNOX  
 11  
 12 I, Virginia Bunch, the undersigned Notary Public  
 13 within and for the State of Kentucky at Large, do hereby  
 14 certify that the foregoing was heard before me on the date  
 15 and for the purpose as set out in the caption thereto; that  
 16 before testifying, the witness was, by me, duly sworn; that  
 17 his testimony was taken down in shorthand and later reduced  
 18 to typewriting, and the foregoing is a true and correct  
 19 transcript of my notes; that no written request having been  
 20 received by me, the deposition was not read or subscribed to  
 21 by the witness.  
 22 Given under my hand this \_\_\_\_\_ day of January,  
 23 2006.  
 24  
 25 \_\_\_\_\_  
 26 VIRGINIA BUNCH  
 27 NOTARY PUBLIC  
 28 STATE OF KENTUCKY AT LARGE  
 29  
 30 MY COMMISSION EXPIRES: May 30, 2008.

1 Q How does Cumberland Valley Electric  
 2 service department stand up in terms of  
 3 down time when power goes out and that  
 4 kind of thing?  
 5 A I've had the opportunity to go to a lot of other  
 6 places in the last few years and do some talking,  
 7 and I think we do pretty good, real good.  
 8 Q Is that something that you're proud of?  
 9 A Yes.  
 10 Q Do you know anything about the rates? Of  
 11 course, we're here on a rate case, but--  
 12 to increase the rates, but do you know  
 13 anything about how Cumberland Valley's  
 14 rates stand with respect to other co-ops  
 15 in the state of Kentucky?  
 16 A We're if not one of the cheapest.  
 17 Q Do you know why that's the case?  
 18 A I've got my opinions.  
 19 Q What is that opinion?  
 20 MR. HOWARD: Objection, speculation. You  
 21 can go ahead and answer.  
 22 MR. COOK: Go ahead and answer.  
 23 A I think it's because the way the operations and  
 24 everything is done, and you know, we--we just take  
 25 pride in it and everybody works together and I just

1  
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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF KERMIT CREECH

\* \* \* \* \*

The deposition of KERMIT CREECH was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 2:25 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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PUBLIC SERVICE  
COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

\* \* \* \* \*

I N D E X

WITNESS:

PAGE:

KERMIT CREECH:

Direct examination by Mr. Cook:	3-30
Reporter's Certificate:	31

1                   KERMIT CREECH, having been first duly sworn  
2 (affirmed) by the undersigned Notary Public, testified as  
3 follows:

4 DIRECT EXAMINATION BY MR. COOK:

5 Q           Mr. Creech, could you spell your first and last  
6 name for the court reporter?

7 A           First name is Kermit, K-e-r-m-i-t. Last name is  
8 Creech, C-r-e-e-c-h.

9 Q           Very good, thank you very much. My name is Larry  
10 Cook, and seated to my...

11 A           Okay, Larry.

12 Q           ...right here is Dennis Howard. We're  
13 both with the Attorney General, Office of  
14 Rate Intervention.

15 A           Okay.

16 Q           And I'm going to let these other people  
17 introduce themselves to you.

18                   MS. MITCHELL: I'm Anita Mitchell from  
19 the Kentucky Public Service Commission.

20                   MS. EDWARDS: I'm Andrea Edwards, for the  
21 Kentucky Public Service Commission.

22 A           Okay.

23                   MR. RUSSELL: Elie Russell, Kentucky  
24 Public Service Commission.

25 A           Okay.

1 MR. HAUSER: Of course, you know Mr.  
2 Hampton?

3 A Yes.

4 MR. HAUSER: Pat Hauser.

5 A Pat Hauser, yeah.

6 MR. HAUSER: With Cumberland Valley  
7 Electric.

8 A Yes.

9 Q And this is our court reporter.

10 A Okay.

11 Q Mr. Creech, as you may know, Cumberland  
12 Valley has filed for a rate increase with  
13 the Public Service Commission in  
14 Frankfort.

15 A Yes.

16 Q And so the reason we're here is we're  
17 going to ask some questions about CVE's  
18 business practices.

19 A Okay.

20 Q Now, if you don't understand a question  
21 at anytime, just let me know and I'll  
22 repeat it or rephrase it.

23 A Okay.

24 Q When I'm done too, some of these other  
25 attorneys might have questions for you

1 too, and I'm sure they'll do the same for  
2 you. They're all very honorable people.  
3 A Okay.  
4 Q And if you don't--if by any chance you  
5 say you don't understand a question, if  
6 you don't speak up, you need to,  
7 otherwise we'll assume that you did  
8 understand the question.  
9 A Okay.  
10 Q Okay? You see what I'm saying? I went a  
11 round-about way of saying it. From time  
12 to time other attorneys in the room may  
13 pose an objection to a line of  
14 questioning.  
15 A Okay.  
16 Q The court reporter has to take down that  
17 objection, okay? So what's going to  
18 happen if they object, the court reporter  
19 will note that and then after they're  
20 finished you can go ahead and answer the  
21 question, okay?  
22 A Okay.  
23 Q Alright. Also one last thing before we  
24 get going, have you ever given a  
25 deposition before?

- 1 A Yes, I have.
- 2 Q Now, you know that you cannot nod your  
3 head or shake your head, you have to say  
4 yes or no, because body language cannot  
5 be translated into the record.
- 6 A Okay.
- 7 Q Alright? And do you realize that you're  
8 under oath?
- 9 A Yes, I do.
- 10 Q Okay. Are you taking any medications or  
11 any other substance that could either  
12 prevent you from providing honest and  
13 accurate answers today or that might  
14 interfere with your recollection?
- 15 A I'm not taking any medicine.
- 16 Q Alright. Is your presence here today in  
17 response to a subpoena that was served  
18 upon you to compel you to provide  
19 testimony?
- 20 A Yes, it is.
- 21 Q Alright. Could you tell us about your  
22 educational background?
- 23 A I have twelve years of schooling.
- 24 Q Alright.
- 25 A High school.

- 1 Q Okay.
- 2 A High school graduate.
- 3 Q Alrighty. And are you currently
- 4 employed?
- 5 A Yes, I am.
- 6 Q Where at?
- 7 A Cumberland Valley Electric.
- 8 Q How long have you been there?
- 9 A Thirty-six years.
- 10 Q And what have you done at Cumberland
- 11 Valley?
- 12 A I started out in June the 12th, 1970, as apprentice
- 13 lineman.
- 14 Q Okay.
- 15 A And then I worked on the construction crew and was-
- 16 -become then a crew leader, and then in June of
- 17 1976 I went on salary as line superintendent, and
- 18 19--1993 become district manager.
- 19 Q Alright. In addition to your work at
- 20 Cumberland Valley do you engage in any
- 21 other occupation?
- 22 A I'm a pastor of a church, yes.
- 23 Q Okay.
- 24 A Yes.
- 25 Q Where is that?

- 1 A In Harlan County, the Pine Mountain Church of God.
- 2 Q Very good, thank you. Has Ted Hampton or
- 3 anybody else from Cumberland Valley
- 4 approached you about your answers to the
- 5 questions that we're going to pose to you
- 6 today?
- 7 A We didn't know any--what the questions was going to
- 8 be asked. I didn't know any questions.
- 9 Q I understand that you did not know the
- 10 questions that were going to be asked,
- 11 but I guess my question was, has anybody
- 12 from the company ever approached you
- 13 about the nature of what your testimony
- 14 was going to be today?
- 15 A I didn't know what my testimony was going to be
- 16 because I didn't know the questions.
- 17 Q I understand. Very good, okay. Has Mr.
- 18 Hampton or anyone acting on the company's
- 19 behalf either directly stated to you or
- 20 in any way insinuated that you should be
- 21 forgetful or have amnesia about certain
- 22 things?
- 23 A They definitely did not, no.
- 24 Q Okay. And are you in fear of losing your job or
- 25 any other adverse consequences if you should

1 provide truthful answers to our questions today?

2 A No, I am not. No, sir.

3 Q Alright. Have you--okay, I think you already  
4 answered that. During the course of your  
5 employment with CVE did you have opportunity to  
6 work with other CVE employees, and if so, whom?

7 A I have--I have worked in the district office in the  
8 Cumberland, Harlan, Letcher County area for my  
9 whole 36 years that I've been with Cumberland  
10 Valley.

11 Q Okay.

12 A And I work with two, with Hannah Garland and  
13 Barbara Dixon, who are clerks who work in the  
14 office, and--you want the recent ones or you want  
15 everybody that I've worked with since I've been  
16 there?

17 Q Oh, say, maybe the past roughly ten years or so...

18 A Okay, and we had a serviceman in the area, Charlie  
19 Sparks, which he's probably been retired now about  
20 fifteen years.

21 Q Okay.

22 A And Homer Johnson, who is the serviceman who  
23 retired in April who had been with Cumberland  
24 Valley 30 years.

25 Q Okay.

1 A And Carroll Craycraft, who is a serviceman, and  
2 then Steve Creech, who's just been working for a  
3 little while.

4 Q Okay.

5 A For sixteen months or something like that.

6 Q Is he any kin to you?

7 A Yes, he is.

8 Q What kind of...

9 A He's nephew.

10 Q Okay, alright. Now, during your career  
11 with CVE have you had any opportunity to  
12 work with Mr. Ted Hampton?

13 A Yes, I have.

14 Q Okay. During the course of your employment there  
15 did you have any opportunity to learn of a name of  
16 an individual named Ken Lay?

17 A Yes, I do.

18 Q Okay. Was Ken Lay ever an employee of  
19 CVE?

20 A Yes, he was.

21 Q Okay. Do you know about when that was?

22 A He was--he was already working from Cumberland  
23 Valley when I was hired on in 1970. I believe he  
24 was power use advisor at that time.

25 Q Okay, alright.

- 1 A And I really don't know the amount of years. I  
2 don't exactly how much--how long he worked for  
3 sure.
- 4 Q Okay.
- 5 A But I did work with him, yes.
- 6 Q I understand.
- 7 A During that time period.
- 8 Q Okay. And do you know whether Mr. Lay owns a  
9 business currently?
- 10 A Yes, he does.
- 11 Q And do you know the name of that  
12 business?
- 13 A Well, I think it's Lay Right-of-Way & Clearing or  
14 Lay Construction or something like that.
- 15 Q Something like...
- 16 A Something in that, now I don't know exactly, the  
17 exact name of the business.
- 18 Q And does that company do business with CVE?
- 19 A Yes, they do.
- 20 Q And what do they do?
- 21 A They clear right-of-way.
- 22 Q Okay, alright. Now, do you have any  
23 knowledge about the billing arrangements  
24 between Mr. Lay's company and CVE?
- 25 A I have none.

- 1 Q You have no idea?
- 2 A I have no idea.
- 3 Q Okay. So do you know whether Mr. Lay is
- 4 paid for his services by the job or
- 5 weekly or hourly or anything like that?
- 6 A I don't know exactly--exactly how that works, I do
- 7 not.
- 8 Q Alright. Do you know whether Mr. Lay and his
- 9 company provide all the equipment they use to
- 10 perform their job for CVE?
- 11 A No, they do not perform--they do not provide all of
- 12 it, no, they don't.
- 13 Q Okay. So does CVE provide some of the
- 14 equipment...
- 15 A The trucks...
- 16 Q ...Mr. Lay uses? Okay.
- 17 A The trucks, yes.
- 18 Q Anything else?
- 19 A Not that I'm aware of, no.
- 20 Q Are you familiar with a business called
- 21 C&C Automotive Center?
- 22 A C&C? I don't recall the name.
- 23 Q Okay, alright. Do you have any knowledge
- 24 about CVE's bidding practices?
- 25 A No, I do not.

1 Q Okay. Do you know who at CVE was  
2 responsible for handling business  
3 operations with right-of-way contractors?  
4 A I don't know exactly who takes care of all of it,  
5 no, I don't.  
6 Q Okay, do you have any general knowledge?  
7 A Well, I'm sure the management, but I don't really  
8 know exactly who...  
9 Q Oh, you don't know exactly who...  
10 A I don't know exactly who hires them or--you know, I  
11 don't know, I don't know that.  
12 Q I understand.  
13 A That's not my department, I don't know.  
14 Q I understand that. By the way, I  
15 appreciate too when you clarify the  
16 extent of your knowledge, that really  
17 helps us to understand. In the course of  
18 your working at CVE did you ever have any  
19 knowledge of CVE coming to own a  
20 bulldozer?  
21 A No, I do not have any idea what they own.  
22 Q Oh, okay.  
23 A I don't.  
24 Q Alright. Have you ever seen any CVE employee using  
25 a bulldozer?

- 1 A No, I haven't. I've never saw a bulldozer.
- 2 Q Oh, so you've never even seen...
- 3 A We, we--they don't use any bulldozers in our area,  
4 you know. It's...
- 5 Q Because it's so mountainous?
- 6 A Yeah, you'd have to know the terrain to know why.
- 7 Q Oh, okay.
- 8 A Well, I say we haven't used any bulldozer, I have  
9 rented from Floyd's Construction, who's a private  
10 owned company, I've rented their dozer a couple of  
11 times to set poles.
- 12 Q Okay, alright. Okay. And you're, of  
13 course, out in, is it mostly Harlan  
14 County?
- 15 A Harlan, Letcher and Leslie County.
- 16 Q Okay, and in terms of miles, like from  
17 the company headquarters?
- 18 A It's 75 miles I think.
- 19 Q Seventy-five?
- 20 A Approximately 75 miles, yes.
- 21 Q Okay, it's a long ways.
- 22 A Yeah.
- 23 Q Do you know who Ronnie Corey is?
- 24 A Yes, I do.
- 25 Q How'd you come to know him?

1 A Ronnie and I worked together when I first started.  
2 He was--he was working on the line crew.  
3 Q So he worked for the line crew for CVE?  
4 A Yes, he did.  
5 Q Okay. Do you know whether Ronnie is a  
6 friend of Ted Hampton's?  
7 A No, I don't know that.  
8 Q Okay. Do you know whether Ronnie is in any way  
9 related to any former CVE board of director member?  
10 A I think he was, yes.  
11 Q Okay, do you know who that was?  
12 A Harry Corey.  
13 Q Would that be his father?  
14 A Yes.  
15 Q Does Mr. Corey, does Ronnie Corey, own a  
16 business?  
17 A Yes, he does.  
18 Q Do you know the name of that business?  
19 A Five-C Construction.  
20 Q Okay. Do you know whether Five-C ever  
21 had opportunity to sell any equipment to  
22 CVE?  
23 A Not to my knowledge. I'm not aware of any  
24 transactions, no, I'm not.  
25 Q Do you know whereabouts Five-C is

1 located?

2 A In Barbourville.

3 Q Oh, is it here in Barbourville?

4 A Yes.

5 Q Okay. Do you happen to know who the accountant for

6 Five-C Construction is or was?

7 A I believe it is Vicky Bryant, I think, I'm not for

8 sure.

9 Q Okay, is that the woman who's currently

10 there?

11 A I--I think so. I'm--now, I'm not for sure about

12 that exactly what her status is.

13 Q How do you spell her last name?

14 A It's B-r-y-a-n-t-t I think, Bryantt, B-r--I'm not

15 sure, something like that.

16 Q Is she any kin to another Bryant, Wayne;

17 Wayne Bryant?

18 A Wayne Bryant. That's Wayne Bryant's wife I think.

19 Q Oh, okay.

20 A Yes.

21 Q Did Wayne ever work for CVE to your knowledge?

22 A Yes, he did.

23 Q Do you know what he did?

24 A He was--he was an accountant, worked in the

25 accounting department, yes.

- 1 Q Okay, and do you know whether he also did any  
2 accounting work for Five-C Construction?  
3 A I wouldn't know that, no, sir.  
4 Q Okay. Have you ever heard of an  
5 individual named John Rex Hampton?  
6 A Yes, I have.  
7 Q Do you know who that is?  
8 A Yes, I do.  
9 Q Okay, who is it?  
10 A That's Ted and Elbert's brother, yes.  
11 Q Okay, alright.  
12 A Ted Hampton and Elbert and them are brothers.  
13 Q And what is John Rex's wife's name?  
14 A Karen.  
15 Q Is Karen Hampton also employed with CVE?  
16 A Yes, she is.  
17 Q In what capacity?  
18 A I think she's bookkeeper or was a clerk I think  
19 maybe.  
20 Q Okay, alright. Do you know whether John Rex  
21 Hampton has ever worked for CVE?  
22 A Not directly I don't think he has.  
23 Q Okay. So if you--do you know whether he  
24 has done any contracting business with  
25 CVE?

1 A If he ever contracted with them I don't know that,  
2 no.  
3 Q Okay.  
4 A I do not know that.  
5 Q Alright. Do you know whether John Rex Hampton may  
6 have worked on CVE vehicles?  
7 A I don't really know that he has, no.  
8 Q Okay, alright. Do you know whether Karen  
9 Hampton has the ability and occasion to  
10 execute documents like checks to vendors?  
11 A I do not know that.  
12 Q Okay.  
13 A I sure don't.  
14 Q Okay. In the course of your work at CVE  
15 did you ever learn of a business that was  
16 known by the four letters SECC?  
17 A Never heard of it.  
18 Q Never heard of it, okay.  
19 A SECC?  
20 Q Correct.  
21 A Never heard of it, no.  
22 Q Okay, I understand. Have you ever heard  
23 of a company called Southeast Petroleum?  
24 A Yes, I have.  
25 Q Okay, how did you come to learn about

1                   them?

2    A               We purchased fuel from them.

3    Q               We meaning CVE?

4    A               Cumberland Valley Electric, yes.

5    Q               Do you know for about how many years that

6                   went on?

7    A               I couldn't give you the exact years. No, I

8                   couldn't give you the exact years. Maybe three

9                   years, four, something like that. I don't really

10                  know.

11   Q               I understand.

12   A               Yes.

13   Q               Do you know whether John Rex Hampton was

14                  involved in Southeast Petroleum?

15   A               I really don't, I...

16   Q               You don't know?

17   A               No. I think maybe he delivers our tanks, but you

18                  know, but that's it, that's all I--that's all I

19                  know about it. I don't know his status with that

20                  company.

21   Q               Okay, alright. Have you ever heard of a

22                  company called Southeast Petro Mart?

23   A               Never have.

24   Q               Okay. Now, at the times that for the

25                  several year period that you mentioned

- 1                   that Southeast Petroleum was providing  
2                   bulk fuel to CVE?
- 3    A               Uh-huh.
- 4    Q               Do you have any knowledge about whether  
5                   CVE placed bids for that?
- 6    A               No, I do not.
- 7    Q               You don't know?
- 8    A               No, we just when we needed fuel we'd order it and  
9                   they'd bring it, so I don't know.
- 10   Q               Okay.
- 11   A               I don't know.
- 12   Q               Where was that brought to you? Was that  
13                   brought out to your location also there  
14                   in Harlan?
- 15   A               To our Cumberland office, yes, or our office that's  
16                   in Harlan County, yes.
- 17   Q               Okay, alright. And are there like tanks  
18                   that store it?
- 19   A               Yes.
- 20   Q               Is it for gas and diesel?
- 21   A               That is correct, yes.
- 22   Q               Okay. And have you ever heard of a  
23                   company called Southeast Transport?
- 24   A               No, I haven't.
- 25   Q               Okay, have you ever heard of a trucking

1 company that Ted Hampton once owned?  
2 A Have I ever heard of a trucking company?  
3 Q Yeah.  
4 A No, I haven't.  
5 Q Okay, alright. Have you ever seen semi  
6 trucks parked on the premises of  
7 Cumberland Valley at either location?  
8 A No, I haven't.  
9 Q Did you ever see or hear of CVE employees  
10 ever working on vehicles that were not  
11 owned by the company?  
12 A No, I haven't.  
13 Q Okay. Have you ever heard of a company  
14 called Knox Auto Parts?  
15 A Yes, I have.  
16 Q How did you come to hear about them?  
17 A I'd been there two--two or three times maybe to get  
18 like motor oil or antifreeze or, I think one time  
19 in particular I remember being there I picked up a  
20 Mequita drill, a battery drill.  
21 Q Okay, alright.  
22 A I've only been there two or three times I think.  
23 Q Okay. Do you know whether Knox Auto  
24 Parts ever did business with CVE?  
25 A Yes, they did.

- 1 Q Okay, do you know for about how long that  
2 relationship lasted?
- 3 A No, I do not. I don't know exactly how long, no.
- 4 Q Okay. Have you ever heard of Steve  
5 Hampton?
- 6 A Yes, I have.
- 7 Q Did he ever do any work for Knox Auto  
8 Parts?
- 9 A I think he did. I'm not for sure.
- 10 Q Okay.
- 11 A The times I was there I never did see him there.  
12 There was some lady worked up front. I don't know  
13 her name.
- 14 Q Okay, do you know whether Steve's wife  
15 ever worked there?
- 16 A I don't know his wife.
- 17 Q Okay.
- 18 A I wouldn't know her if I saw her.
- 19 Q Are you aware of Steve ever going through  
20 a divorce?
- 21 A Yes, I am.
- 22 Q Okay, do you know whether Knox was sold  
23 after the divorce occurred?
- 24 A I don't know anything about their business, I  
25 don't...

- 1 Q Okay, I understand.
- 2 A I don't know anything about that.
- 3 Q I understand. And does Steve Hampton  
4 currently work for CVE?
- 5 A Yes, he does.
- 6 Q And what relationship does he bear to Ted  
7 Hampton?
- 8 A I think he's his nephew, yes.
- 9 Q Okay, alright. And do you have any  
10 knowledge regarding roughly about how  
11 much business was done between Knox and  
12 CVE?
- 13 A I have no idea. I know our Cumberland office done  
14 very little. Antifreeze, oil, a few things like  
15 that.
- 16 Q Okay. Did you ever get any rags or  
17 towels from Knox Auto Parts?
- 18 A I never did.
- 19 Q You never did?
- 20 A I never did.
- 21 Q Do you know where CVE stores its records?  
22 Do they have--are any records stored at  
23 your location?
- 24 A We have some records that's stored at our location.
- 25 Q Okay, do you know where?

- 1 A In the vault.
- 2 Q In the vault?
- 3 A Yes.
- 4 Q Okay, and...
- 5 A We just keep our take line where they work--where  
6 they take the money over the counter and we store  
7 them in a vault.
- 8 Q Oh, okay.
- 9 A Plus we got our filing cabinets that we store our  
10 records of our disconnects and connects in.
- 11 Q Okay.
- 12 A And memberships and things like that, yes, and  
13 they're stored in files.
- 14 Q Okay. We had discussed earlier, or the  
15 name came up about Elbert Hampton, and  
16 how did you come to know Elbert?
- 17 A Elbert was working with the company when I started.
- 18 Q Okay. And his relationship with Ted  
19 Hampton is?
- 20 A His brother.
- 21 Q Brother?
- 22 A Yes.
- 23 Q And Elbert, is he currently on the CVE  
24 board of directors?
- 25 A Yes, he is.

- 1 Q Okay. And do you know about when he came  
2 on?
- 3 A Three or four--couple of years ago, I'm not for  
4 sure exactly, the exact date, I don't...
- 5 Q Okay.
- 6 A I don't recall that, no.
- 7 Q Do you know who he replaced on the board  
8 of directors?
- 9 A Not exactly. I'd have to go back and see the  
10 records to see who he did replace.
- 11 Q Okay, if you don't know that's okay.
- 12 A Yeah.
- 13 Q That's alright. I just appreciate  
14 whatever you do know, that's alright.
- 15 A Yeah.
- 16 Q We understand.
- 17 A Yeah.
- 18 Q Do you know whether Elbert Hampton played  
19 any role in Knox Auto Parts?
- 20 A I don't really know. I don't know anything about  
21 their business, you know, who...
- 22 Q I understand. Do you know whether Elbert was ever  
23 involved in any other businesses?
- 24 A Not that I'm aware of.
- 25 Q Okay, alright. And I think you said

1 earlier that Elbert was an employee of  
2 CVE?  
3 A Yes, he was.  
4 Q And was he like a long-timer like you?  
5 A Yes.  
6 Q Do you know what he did for CVE?  
7 A I think when he started that he was--worked in the  
8 material. I don't know exactly what status that  
9 was, and then later on I think he was  
10 superintendent of operations.  
11 Q Okay, alright. Now, do you know whether  
12 Elbert was ever an employee at the same  
13 time that he was on the board of  
14 directors, did that two overlap at  
15 anytime?  
16 A Not--not as I know of, no.  
17 Q Okay. Have you ever seen or otherwise learned of  
18 Elbert Hampton filling his personal vehicle with  
19 CVE gasoline?  
20 A No, I have not.  
21 Q Have you ever seen Elbert Hampton or  
22 learned of Elbert Hampton leaving the CVE  
23 warehouse with his arms full of materials  
24 and placing them into his personal  
25 vehicle?

1 A No, I have not.

2 Q Have you ever heard of a business named

3 Hubbs Creek?

4 A Never heard of it, that's the first time.

5 Q Okay. Have you ever heard of a business called Air

6 Gas?

7 A Never heard of it.

8 Q Have you ever heard of any business that

9 supplies acetylene and oxygen to

10 Cumberland Valley?

11 A No, I haven't.

12 Q Okay.

13 A We don't have any in our Cumberland office.

14 Q Okay. Do you have any knowledge

15 regarding a power line that was run to a

16 cabin off of Red Bird Road?

17 A No, I do not. That's not in my area.

18 Q Okay.

19 A Do not know.

20 Q Do you know anything about the laying of an

21 underground power line to the Whitley County School

22 System?

23 A No, I do not.

24 q In the course of your employment with CVE

25 have you ever learned of lines being laid

1                   which in--which were not necessary?

2    A                Absolutely not.

3    Q                In the course of your career at CVE did

4                    you learn of any other work that CVE

5                    conducted that was unnecessary?

6    A                No, I have not, no.

7    Q                Okay. Have you ever attended a CVE

8                    annual meeting?

9    A                Yes, I have.

10   Q                Do you have any knowledge of how an

11                    individual comes to be on the CVE board

12                    of directors?

13   A                They're elected by the consumers.

14   Q                Okay. At the annual--how many annual

15                    meetings have you attended? Was it many

16                    or just a couple or...

17   A                Well, back years ago I used to attend about all of

18                    them.

19   Q                Okay.

20   A                But in the last few years I haven't attended many,

21                    no.

22   Q                Alright. At the annual meetings did you

23                    ever hear of any announcements being made

24                    to the members that it was time for the

25                    election for the board of directors?

- 1 A Yes.
- 2 Q Okay, and were ballot boxes made available for  
3 everybody to place their ballots into?
- 4 A Yes, they were.
- 5 Q Did you yourself place any ballots?
- 6 A Yes, I have.
- 7 Q Do you have any knowledge regarding the  
8 keeping of CVE corporate minutes?
- 9 A No, I do not.
- 10 Q Do you have any recollection of a CVE  
11 truck that CVE does not own anymore but  
12 it was known as CVE truck No. 61?
- 13 A No, I do not, no. No, sir.
- 14 Q Do you have any knowledge of any  
15 instances in which the company added  
16 money to work projects?
- 17 A No, that's not my department. I do not.
- 18 Q I understand.
- 19 A Yes.
- 20 Q Are there any other relative of Ted  
21 Hampton's who either currently work for  
22 or ever have worked for CVE other than  
23 those that we talked about already?
- 24 A I think Jay is--Jay is the only one I'm aware of.
- 25 Q Jay Hampton?

1 A That's related to him, yes.

2 Q Alright. During the course of your

3 employment with CVE did anyone ever ask

4 you to do anything that you questioned or

5 gave you cause for concern?

6 A No, they did not.

7 Q Have you ever heard of CVE being referred

8 to as Hampton Valley?

9 A I've heard that.

10 Q Okay. In what context, from employees or

11 customers or both?

12 A I don't really recall, but I have heard that

13 statement once maybe, but I don't really--I don't

14 remember who I heard say it, but I have heard that

15 said, yes.

16 Q Mr. Creech, is there any concern you'd

17 like to share with us today?

18 A No, sir.

19 MR. COOK: Okay, that's all the questions

20 I have at this time.

21 MR. HAUSER: I have no questions.

22 MS. MITCHELL: I have no questions.

23 (Deposition adjourned at 2:50 p.m.)

24 \* \* \* \* \*

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STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

  
\_\_\_\_\_  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF KERMIT CREECH

The deposition of KERMIT CREECH was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 2:25 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITAMITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 KERMIT CREECH, having been first duly sworn
2 (affirmed) by the undersigned Notary Public, testified as
3 follows:

4 DIRECT EXAMINATION BY MR. COOK:

5 Q Mr. Creech, could you spell your first and last
6 name for the court reporter?
7 A First name is Kermit, K-e-r-m-i-t. Last name is
8 Creech, C-r-e-e-c-h.
9 Q Very good, thank you very much. My name is Larry
10 Cook, and seated to my...
11 A Okay, Larry.
12 Q ...right here is Dennis Howard. We're
13 both with the Attorney General, Office of
14 Rate Intervention.
15 A Okay.
16 Q And I'm going to let these other people
17 introduce themselves to you.
18 MS. MITCHELL: I'm Anita Mitchell from
19 the Kentucky Public Service Commission.
20 MS. EDWARDS: I'm Andrea Edwards, for the
21 Kentucky Public Service Commission.
22 A Okay.
23 MR. RUSSELL: Elie Russell, Kentucky
24 Public Service Commission.
25 A Okay.

Elie Russell; from Cumberland Valley Electric Mr. Ted
Hampton and Mr. James Adkins.

\*\*\*\*\*

I N D E X

WITNESS: PAGE:
KERMIT CREECH:
Direct examination by Mr. Cook: 3-30
Reporter's Certificate: 31

1 MR. HAUSER: Of course, you know Mr.
2 Hampton?
3 A Yes.
4 MR. HAUSER: Pat Hauser.
5 A Pat Hauser, yeah.
6 MR. HAUSER: With Cumberland Valley
7 Electric.
8 A Yes.
9 Q And this is our court reporter.
10 A Okay.
11 Q Mr. Creech, as you may know, Cumberland
12 Valley has filed for a rate increase with
13 the Public Service Commission in
14 Frankfort.
15 A Yes.
16 Q And so the reason we're here is we're
17 going to ask some questions about CVE's
18 business practices.
19 A Okay.
20 Q Now, if you don't understand a question
21 at anytime, just let me know and I'll
22 repeat it or rephrase it.
23 A Okay.
24 Q When I'm done too, some of these other
25 attorneys might have questions for you

1 too, and I'm sure they'll do the same for  
 2 you. They're all very honorable people.  
 3 A Okay.  
 4 Q And if you don't--if by any chance you  
 5 say you don't understand a question, if  
 6 you don't speak up, you need to,  
 7 otherwise we'll assume that you did  
 8 understand the question.  
 9 A Okay.  
 10 Q Okay? You see what I'm saying? I went a  
 11 round-about way of saying it. From time  
 12 to time other attorneys in the room may  
 13 pose an objection to a line of  
 14 questioning.  
 15 A Okay.  
 16 Q The court reporter has to take down that  
 17 objection, okay? So what's going to  
 18 happen if they object, the court reporter  
 19 will note that and then after they're  
 20 finished you can go ahead and answer the  
 21 question, okay?  
 22 A Okay.  
 23 Q Alright. Also one last thing before we  
 24 get going, have you ever given a  
 25 deposition before?

1 Q Okay.  
 2 A High school graduate.  
 3 Q Alrighty. And are you currently  
 4 employed?  
 5 A Yes, I am.  
 6 Q Where at?  
 7 A Cumberland Valley Electric.  
 8 Q How long have you been there?  
 9 A Thirty-six years.  
 10 Q And what have you done at Cumberland  
 11 Valley?  
 12 A I started out in June the 12th, 1970, as apprentice  
 13 lineman.  
 14 Q Okay.  
 15 A And then I worked on the construction crew and was-  
 16 -become then a crew leader, and then in June of  
 17 1976 I went on salary as line superintendent, and  
 18 19--1993 become district manager.  
 19 Q Alright. In addition to your work at  
 20 Cumberland Valley do you engage in any  
 21 other occupation?  
 22 A I'm a pastor of a church, yes.  
 23 Q Okay.  
 24 A Yes.  
 25 Q Where is that?

1 A Yes, I have.  
 2 Q Now, you know that you cannot nod your  
 3 head or shake your head, you have to say  
 4 yes or no, because body language cannot  
 5 be translated into the record.  
 6 A Okay.  
 7 Q Alright? And do you realize that you're  
 8 under oath?  
 9 A Yes, I do.  
 10 Q Okay. Are you taking any medications or  
 11 any other substance that could either  
 12 prevent you from providing honest and  
 13 accurate answers today or that might  
 14 interfere with your recollection?  
 15 A I'm not taking any medicine.  
 16 Q Alright. Is your presence here today in  
 17 response to a subpoena that was served  
 18 upon you to compel you to provide  
 19 testimony?  
 20 A Yes, it is.  
 21 Q Alright. Could you tell us about your  
 22 educational background?  
 23 A I have twelve years of schooling.  
 24 Q Alright.  
 25 A High school.

1 A In Harlan County, the Pine Mountain Church of God.  
 2 Q Very good, thank you. Has Ted Hampton or  
 3 anybody else from Cumberland Valley  
 4 approached you about your answers to the  
 5 questions that we're going to pose to you  
 6 today?  
 7 A We didn't know any--what the questions was going to  
 8 be asked. I didn't know any questions.  
 9 Q I understand that you did not know the  
 10 questions that were going to be asked,  
 11 but I guess my question was, has anybody  
 12 from the company ever approached you  
 13 about the nature of what your testimony  
 14 was going to be today?  
 15 A I didn't know what my testimony was going to be  
 16 because I didn't know the questions.  
 17 Q I understand. Very good, okay. Has Mr.  
 18 Hampton or anyone acting on the company's  
 19 behalf either directly stated to you or  
 20 in any way insinuated that you should be  
 21 forgetful or have amnesia about certain  
 22 things?  
 23 A They definitely did not, no.  
 24 Q Okay. And are you in fear of losing your job or  
 25 any other adverse consequences if you should

1 provide truthful answers to our questions today?  
 2 A No, I am not. No, sir.  
 3 Q Alright. Have you--okay, I think you already  
 4 answered that. During the course of your  
 5 employment with CVE did you have opportunity to  
 6 work with other CVE employees, and if so, whom?  
 7 A I have--I have worked in the district office in the  
 8 Cumberland, Harlan, Letcher County area for my  
 9 whole 36 years that I've been with Cumberland  
 10 Valley.  
 11 Q Okay.  
 12 A And I work with two, with Hannah Garland and  
 13 Barbara Dixon, who are clerks who work in the  
 14 office, and--you want the recent ones or you want  
 15 everybody that I've worked with since I've been  
 16 there?  
 17 Q Oh, say, maybe the past roughly ten years or so...  
 18 A Okay, and we had a serviceman in the area, Charlie  
 19 Sparks, which he's probably been retired now about  
 20 fifteen years.  
 21 Q Okay.  
 22 A And Homer Johnson, who is the serviceman who  
 23 retired in April who had been with Cumberland  
 24 Valley 30 years.  
 25 Q Okay.

1 A And I really don't know the amount of years. I  
 2 don't exactly how much--how long he worked for  
 3 sure.  
 4 Q Okay.  
 5 A But I did work with him, yes.  
 6 Q I understand.  
 7 A During that time period.  
 8 Q Okay. And do you know whether Mr. Lay owns a  
 9 business currently?  
 10 A Yes, he does.  
 11 Q And do you know the name of that  
 12 business?  
 13 A Well, I think it's Lay Right-of-Way & Clearing or  
 14 Lay Construction or something like that.  
 15 Q Something like...  
 16 A Something in that, now I don't know exactly, the  
 17 exact name of the business.  
 18 Q And does that company do business with CVE?  
 19 A Yes, they do.  
 20 Q And what do they do?  
 21 A They clear right-of-way.  
 22 Q Okay, alright. Now, do you have any  
 23 knowledge about the billing arrangements  
 24 between Mr. Lay's company and CVE?  
 25 A I have none.

1 A And Carroll Craycraft, who is a serviceman, and  
 2 then Steve Creech, who's just been working for a  
 3 little while.  
 4 Q Okay.  
 5 A For sixteen months or something like that.  
 6 Q Is he any kin to you?  
 7 A Yes, he is.  
 8 Q What kind of...  
 9 A He's nephew.  
 10 Q Okay, alright. Now, during your career  
 11 with CVE have you had any opportunity to  
 12 work with Mr. Ted Hampton?  
 13 A Yes, I have.  
 14 Q Okay. During the course of your employment there  
 15 did you have any opportunity to learn of a name of  
 16 an individual named Ken Lay?  
 17 A Yes, I do.  
 18 Q Okay. Was Ken Lay ever an employee of  
 19 CVE?  
 20 A Yes, he was.  
 21 Q Okay. Do you know about when that was?  
 22 A He was--he was already working from Cumberland  
 23 Valley when I was hired on in 1970. I believe he  
 24 was power use advisor at that time.  
 25 Q Okay, alright.

1 Q You have no idea?  
 2 A I have no idea.  
 3 Q Okay. So do you know whether Mr. Lay is  
 4 paid for his services by the job or  
 5 weekly or hourly or anything like that?  
 6 A I don't know exactly--exactly how that works, I do  
 7 not.  
 8 Q Alright. Do you know whether Mr. Lay and his  
 9 company provide all the equipment they use to  
 10 perform their job for CVE?  
 11 A No, they do not perform--they do not provide all of  
 12 it, no, they don't.  
 13 Q Okay. So does CVE provide some of the  
 14 equipment...  
 15 A The trucks...  
 16 Q ...Mr. Lay uses? Okay.  
 17 A The trucks, yes.  
 18 Q Anything else?  
 19 A Not that I'm aware of, no.  
 20 Q Are you familiar with a business called  
 21 C&C Automotive Center?  
 22 A C&C? I don't recall the name.  
 23 Q Okay, alright. Do you have any knowledge  
 24 about CVE's bidding practices?  
 25 A No, I do not.

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Page 15

1 Q Okay. Do you know who at CVE was  
2 responsible for handling business  
3 operations with right-of-way contractors?  
4 A I don't know exactly who takes care of all of it,  
5 no, I don't.  
6 Q Okay, do you have any general knowledge?  
7 A Well, I'm sure the management, but I don't really  
8 know exactly who...  
9 Q Oh, you don't know exactly who...  
10 A I don't know exactly who hires them or--you know, I  
11 don't know, I don't know that.  
12 Q I understand.  
13 A That's not my department, I don't know.  
14 Q I understand that. By the way, I  
15 appreciate too when you clarify the  
16 extent of your knowledge, that really  
17 helps us to understand. In the course of  
18 your working at CVE did you ever have any  
19 knowledge of CVE coming to own a  
20 bulldozer?  
21 A No, I do not have any idea what they own.  
22 Q Oh, okay.  
23 A I don't.  
24 Q Alright. Have you ever seen any CVE employee using  
25 a bulldozer?

1 A Ronnie and I worked together when I first started.  
2 He was--he was working on the line crew.  
3 Q So he worked for the line crew for CVE?  
4 A Yes, he did.  
5 Q Okay. Do you know whether Ronnie is a  
6 friend of Ted Hampton's?  
7 A No, I don't know that.  
8 Q Okay. Do you know whether Ronnie is in any way  
9 related to any former CVE board of director member?  
10 A I think he was, yes.  
11 Q Okay, do you know who that was?  
12 A Harry Corey.  
13 Q Would that be his father?  
14 A Yes.  
15 Q Does Mr. Corey, does Ronnie Corey, own a  
16 business?  
17 A Yes, he does.  
18 Q Do you know the name of that business?  
19 A Five-C Construction.  
20 Q Okay. Do you know whether Five-C ever  
21 had opportunity to sell any equipment to  
22 CVE?  
23 A Not to my knowledge. I'm not aware of any  
24 transactions, no, I'm not.  
25 Q Do you know whereabouts Five-C is

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1 A No, I haven't. I've never saw a bulldozer.  
2 Q Oh, so you've never even seen...  
3 A We, we--they don't use any bulldozers in our area,  
4 you know. It's...  
5 Q Because it's so mountainous?  
6 A Yeah, you'd have to know the terrain to know why.  
7 Q Oh, okay.  
8 A Well, I say we haven't used any bulldozer, I have  
9 rented from Floyd's Construction, who's a private  
10 owned company, I've rented their dozer a couple of  
11 times to set poles.  
12 Q Okay, alright. Okay. And you're, of  
13 course, out in, is it mostly Harlan  
14 County?  
15 A Harlan, Letcher and Leslie County.  
16 Q Okay, and in terms of miles, like from  
17 the company headquarters?  
18 A It's 75 miles I think.  
19 Q Seventy-five?  
20 A Approximately 75 miles, yes.  
21 Q Okay, it's a long ways.  
22 A Yeah.  
23 Q Do you know who Ronnie Corey is?  
24 A Yes, I do.  
25 Q How'd you come to know him?

1 located?  
2 A In Barbourville.  
3 Q Oh, is it here in Barbourville?  
4 A Yes.  
5 Q Okay. Do you happen to know who the accountant for  
6 Five-C Construction is or was?  
7 A I believe it is Vicky Bryant, I think, I'm not for  
8 sure.  
9 Q Okay, is that the woman who's currently  
10 there?  
11 A I--I think so. I'm--now, I'm not for sure about  
12 that exactly what her status is.  
13 Q How do you spell her last name?  
14 A It's B-r-y-a-n-t I think, Bryantt, B-r--I'm not  
15 sure, something like that.  
16 Q Is she any kin to another Bryant, Wayne;  
17 Wayne Bryant?  
18 A Wayne Bryant. That's Wayne Bryant's wife I think.  
19 Q Oh, okay.  
20 A Yes.  
21 Q Did Wayne ever work for CVE to your knowledge?  
22 A Yes, he did.  
23 Q Do you know what he did?  
24 A He was--he was an accountant, worked in the  
25 accounting department, yes.

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Page 19

1 Q Okay, and do you know whether he also did any  
2 accounting work for Five-C Construction?  
3 A I wouldn't know that, no, sir.  
4 Q Okay. Have you ever heard of an  
5 individual named John Rex Hampton?  
6 A Yes, I have.  
7 Q Do you know who that is?  
8 A Yes, I do.  
9 Q Okay, who is it?  
10 A That's Ted and Elbert's brother, yes.  
11 Q Okay, alright.  
12 A Ted Hampton and Elbert and them are brothers.  
13 Q And what is John Rex's wife's name?  
14 A Karen.  
15 Q Is Karen Hampton also employed with CVE?  
16 A Yes, she is.  
17 Q In what capacity?  
18 A I think she's bookkeeper or was a clerk I think  
19 maybe.  
20 Q Okay, alright. Do you know whether John Rex  
21 Hampton has ever worked for CVE?  
22 A Not directly I don't think he has.  
23 Q Okay. So if you--do you know whether he  
24 has done any contracting business with  
25 CVE?

1 them?  
2 A We purchased fuel from them.  
3 Q We meaning CVE?  
4 A Cumberland Valley Electric, yes.  
5 Q Do you know for about how many years that  
6 went on?  
7 A I couldn't give you the exact years. No, I  
8 couldn't give you the exact years. Maybe three  
9 years, four, something like that. I don't really  
10 know.  
11 Q I understand.  
12 A Yes.  
13 Q Do you know whether John Rex Hampton was  
14 involved in Southeast Petroleum?  
15 A I really don't, I..  
16 Q You don't know?  
17 A No. I think maybe he delivers our tanks, but you  
18 know, but that's it, that's all I--that's all I  
19 know about it. I don't know his status with that  
20 company.  
21 Q Okay, alright. Have you ever heard of a  
22 company called Southeast Petro Mart?  
23 A Never have.  
24 Q Okay. Now, at the times that for the  
25 several year period that you mentioned

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Page 20

1 A If he ever contracted with them I don't know that,  
2 no.  
3 Q Okay.  
4 A I do not know that.  
5 Q Alright. Do you know whether John Rex Hampton may  
6 have worked on CVE vehicles?  
7 A I don't really know that he has, no.  
8 Q Okay, alright. Do you know whether Karen  
9 Hampton has the ability and occasion to  
10 execute documents like checks to vendors?  
11 A I do not know that.  
12 Q Okay.  
13 A I sure don't.  
14 Q Okay. In the course of your work at CVE  
15 did you ever learn of a business that was  
16 known by the four letters SECC?  
17 A Never heard of it.  
18 Q Never heard of it, okay.  
19 A SECC?  
20 Q Correct.  
21 A Never heard of it, no.  
22 Q Okay, I understand. Have you ever heard  
23 of a company called Southeast Petroleum?  
24 A Yes, I have.  
25 Q Okay, how did you come to learn about

1 that Southeast Petroleum was providing  
2 bulk fuel to CVE?  
3 A Uh-huh.  
4 Q Do you have any knowledge about whether  
5 CVE placed bids for that?  
6 A No, I do not.  
7 Q You don't know?  
8 A No, we just when we needed fuel we'd order it and  
9 they'd bring it, so I don't know.  
10 Q Okay.  
11 A I don't know.  
12 Q Where was that brought to you? Was that  
13 brought out to your location also there  
14 in Harlan?  
15 A To our Cumberland office, yes, or our office that's  
16 in Harlan County, yes.  
17 Q Okay, alright. And are there like tanks  
18 that store it?  
19 A Yes.  
20 Q Is it for gas and diesel?  
21 A That is correct, yes.  
22 Q Okay. And have you ever heard of a  
23 company called Southeast Transport?  
24 A No, I haven't.  
25 Q Okay, have you ever heard of a trucking

Page 21		Page 23	
1	company that Ted Hampton once owned?	1 Q	Okay, I understand.
2 A	Have I ever heard of a trucking company?	2 A	I don't know anything about that.
3 Q	Yeah.	3 Q	I understand. And does Steve Hampton
4 A	No, I haven't.	4	currently work for CVE?
5 Q	Okay, alright. Have you ever seen semi	5 A	Yes, he does.
6	trucks parked on the premises of	6 Q	And what relationship does he bear to Ted
7	Cumberland Valley at either location?	7	Hampton?
8 A	No, I haven't.	8 A	I think he's his nephew, yes.
9 Q	Did you ever see or hear of CVE employees	9 Q	Okay, alright. And do you have any
10	ever working on vehicles that were not	10	knowledge regarding roughly about how
11	owned by the company?	11	much business was done between Knox and
12 A	No, I haven't.	12	CVE?
13 Q	Okay. Have you ever heard of a company	13 A	I have no idea. I know our Cumberland office done
14	called Knox Auto Parts?	14	very little. Antifreeze, oil, a few things like
15 A	Yes, I have.	15	that.
16 Q	How did you come to hear about them?	16 Q	Okay. Did you ever get any rags or
17 A	I'd been there two--two or three times maybe to get	17	towels from Knox Auto Parts?
18	like motor oil or antifreeze or, I think one time	18 A	I never did.
19	in particular I remember being there I picked up a	19 Q	You never did?
20	Mequita drill, a battery drill.	20 A	I never did.
21 Q	Okay, alright.	21 Q	Do you know where CVE stores its records?
22 A	I've only been there two or three times I think.	22	Do they have--are any records stored at
23 Q	Okay. Do you know whether Knox Auto	23	your location?
24	Parts ever did business with CVE?	24 A	We have some records that's stored at our location.
25 A	Yes, they did.	25 Q	Okay, do you know where?
Page 22		Page 24	
1 Q	Okay, do you know for about how long that	1 A	In the vault.
2	relationship lasted?	2 Q	In the vault?
3 A	No, I do not. I don't know exactly how long, no.	3 A	Yes.
4 Q	Okay. Have you ever heard of Steve	4 Q	Okay, and...
5	Hampton?	5 A	We just keep our take line where they work--where
6 A	Yes, I have.	6	they take the money over the counter and we store
7 Q	Did he ever do any work for Knox Auto	7	them in a vault.
8	Parts?	8 Q	Oh, okay.
9 A	I think he did. I'm not for sure.	9 A	Plus we got our filing cabinets that we store our
10 Q	Okay.	10	records of our disconnects and connects in.
11 A	The times I was there I never did see him there.	11 Q	Okay.
12	There was some lady worked up front. I don't know	12 A	And memberships and things like that, yes, and
13	her name.	13	they're stored in files.
14 Q	Okay, do you know whether Steve's wife	14 Q	Okay. We had discussed earlier, or the
15	ever worked there?	15	name came up about Elbert Hampton, and
16 A	I don't know his wife.	16	how did you come to know Elbert?
17 Q	Okay.	17 A	Elbert was working with the company when I started.
18 A	I wouldn't know her if I saw her.	18 Q	Okay. And his relationship with Ted
19 Q	Are you aware of Steve ever going through	19	Hampton is?
20	a divorce?	20 A	His brother.
21 A	Yes, I am.	21 Q	Brother?
22 Q	Okay, do you know whether Knox was sold	22 A	Yes.
23	after the divorce occurred?	23 Q	And Elbert, is he currently on the CVE
24 A	I don't know anything about their business, I	24	board of directors?
25	don't...	25 A	Yes, he is.

	Page 25	Page 27
<p>1 Q Okay. And do you know about when he came 2 on? 3 A Three or four--couple of years ago, I'm not for 4 sure exactly, the exact date, I don't... 5 Q Okay. 6 A I don't recall that, no. 7 Q Do you know who he replaced on the board 8 of directors? 9 A Not exactly. I'd have to go back and see the 10 records to see who he did replace. 11 Q Okay, if you don't know that's okay. 12 A Yeah. 13 Q That's alright. I just appreciate 14 whatever you do know, that's alright. 15 A Yeah. 16 Q We understand. 17 A Yeah. 18 Q Do you know whether Elbert Hampton played 19 any role in Knox Auto Parts? 20 A I don't really know. I don't know anything about 21 their business, you know, who... 22 Q I understand. Do you know whether Elbert was ever 23 involved in any other businesses? 24 A Not that I'm aware of. 25 Q Okay, alright. And I think you said</p>	<p>1 A No, I have not. 2 Q Have you ever heard of a business named 3 Hubbs Creek? 4 A Never heard of it, that's the first time. 5 Q Okay. Have you ever heard of a business called Air 6 Gas? 7 A Never heard of it. 8 Q Have you ever heard of any business that 9 supplies acetylene and oxygen to 10 Cumberland Valley? 11 A No, I haven't. 12 Q Okay. 13 A We don't have any in our Cumberland office. 14 Q Okay. Do you have any knowledge 15 regarding a power line that was run to a 16 cabin off of Red Bird Road? 17 A No, I do not. That's not in my area. 18 Q Okay. 19 A Do not know. 20 Q Do you know anything about the laying of an 21 underground power line to the Whitley County School 22 System? 23 A No, I do not. 24 q In the course of your employment with CVE 25 have you ever learned of lines being laid</p>	
<p>1 earlier that Elbert was an employee of 2 CVE? 3 A Yes, he was. 4 Q And was he like a long-timer like you? 5 A Yes. 6 Q Do you know what he did for CVE? 7 A I think when he started that he was--worked in the 8 material. I don't know exactly what status that 9 was, and then later on I think he was 10 superintendent of operations. 11 Q Okay, alright. Now, do you know whether 12 Elbert was ever an employee at the same 13 time that he was on the board of 14 directors, did that two overlap at 15 anytime? 16 A Not--not as I know of, no. 17 Q Okay. Have you ever seen or otherwise learned of 18 Elbert Hampton filling his personal vehicle with 19 CVE gasoline? 20 A No, I have not. 21 Q Have you ever seen Elbert Hampton or 22 learned of Elbert Hampton leaving the CVE 23 warehouse with his arms full of materials 24 and placing them into his personal 25 vehicle?</p>	<p>1 which in--which were not necessary? 2 A Absolutely not. 3 Q In the course of your career at CVE did 4 you learn of any other work that CVE 5 conducted that was unnecessary? 6 A No, I have not, no. 7 Q Okay. Have you ever attended a CVE 8 annual meeting? 9 A Yes, I have. 10 Q Do you have any knowledge of how an 11 individual comes to be on the CVE board 12 of directors? 13 A They're elected by the consumers. 14 Q Okay. At the annual--how many annual 15 meetings have you attended? Was it many 16 or just a couple or... 17 A Well, back years ago I used to attend about all of 18 them. 19 Q Okay. 20 A But in the last few years I haven't attended many, 21 no. 22 Q Alright. At the annual meetings did you 23 ever hear of any announcements being made 24 to the members that it was time for the 25 election for the board of directors?</p>	

1 A Yes.

2 Q Okay, and were ballot boxes made available for

3 everybody to place their ballots into?

4 A Yes, they were.

5 Q Did you yourself place any ballots?

6 A Yes, I have.

7 Q Do you have any knowledge regarding the

8 keeping of CVE corporate minutes?

9 A No, I do not.

10 Q Do you have any recollection of a CVE

11 truck that CVE does not own anymore but

12 it was known as CVE truck No. 61?

13 A No, I do not, no. No, sir.

14 Q Do you have any knowledge of any

15 instances in which the company added

16 money to work projects?

17 A No, that's not my department. I do not.

18 Q I understand.

19 A Yes.

20 Q Are there any other relative of Ted

21 Hampton's who either currently work for

22 or ever have worked for CVE other than

23 those that we talked about already?

24 A I think Jay is--Jay is the only one I'm aware of.

25 Q Jay Hampton?

1 STATE OF KENTUCKY

2

3 COUNTY OF KNOX

4

5 I, Virginia Bunch, the undersigned Notary Public

6 within and for the State of Kentucky at Large, do hereby

7 certify that the foregoing was heard before me on the date

8 and for the purpose as set out in the caption thereto; that

9 before testifying, the witness was, by me, duly sworn; that

10 his testimony was taken down in shorthand and later reduced

11 to typewriting, and the foregoing is a true and correct

12 transcript of my notes; that no written request having been

13 received by me, the deposition was not read or subscribed to

14 by the witness.

15 Given under my hand this \_\_\_\_\_ day of January,

16 2006.

17

18

19 VIRGINIA BUNCH

20 NOTARY PUBLIC

21 STATE OF KENTUCKY AT LARGE

22

23 MY COMMISSION EXPIRES: May 30, 2008.

24

25

1 A That's related to him, yes.

2 Q Alright. During the course of your

3 employment with CVE did anyone ever ask

4 you to do anything that you questioned or

5 gave you cause for concern?

6 A No, they did not.

7 Q Have you ever heard of CVE being referred

8 to as Hampton Valley?

9 A I've heard that.

10 Q Okay. In what context, from employees or

11 customers or both?

12 A I don't really recall, but I have heard that

13 statement once maybe, but I don't really--I don't

14 remember who I heard say it, but I have heard that

15 said, yes.

16 Q Mr. Creech, is there any concern you'd

17 like to share with us today?

18 A No, sir.

19 MR. COOK: Okay, that's all the questions

20 I have at this time.

21 MR. HAUSER: I have no questions.

22 MS. MITCHELL: I have no questions.

23 (Deposition adjourned at 2:50 p.m.)

24 \* \* \* \* \*

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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF DENNIS HART

\* \* \* \* \*

The deposition of DENNIS HART was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 4:25 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

\* \* \* \* \*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>DENNIS HART:</u>	
Direct examination by Mr. Cook:	3-33
Reporter's Certificate:	34

1                    DENNIS HART, having been first duly sworn by the  
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q                Could you spell your first and last name for the  
5 record?

6                    D-e-n-n-i-s, H-a-r-t.

7 Q                Mr. Hart, my name's Larry Cook. I'm an  
8 attorney with the Attorney General, the  
9 Office of Rate Intervention. This to my  
10 right is Dennis Howard, my boss, in the  
11 same office. I'd like to have the other  
12 people introduce themselves to you.

13 A                Okay.

14                    MS. MITCHELL: I'm Anita Mitchell from  
15 the Kentucky Public Service Commission.

16                    MS. EDWARDS: Andrea Edwards with the  
17 Kentucky Public Service Commission.

18                    MR. RUSSELL: Elie Russell with the  
19 Kentucky Public Service Commission.

20                    MR. HAUSER: Mr. Hampton's usually here,  
21 he's not here, but you know Ted. Pat  
22 Hauser.

23                    MR. HOWARD: And we have Darvin Sebastian  
24 in the room with the Attorney General's  
25 Office as well, sir.

1 Q Alright, Mr. Hart, have you ever given your  
2 deposition before?  
3 A Yes, I have.  
4 Q Okay, so you know that if we ask you some  
5 questions, if you're like me sometimes  
6 you'll want to nod your head yes or shake  
7 your head no or otherwise speak with  
8 other body language, but you just have to  
9 remember that that doesn't translate over  
10 into the record that the court reporter's  
11 taking.  
12 A Yes.  
13 Q Alright. As you probably know, CVE,  
14 Cumberland Valley, has filed for a rate  
15 increase with the Public Service  
16 Commission. So the reason we're down  
17 here today is to inquire into the  
18 business practices of CVE. And when I  
19 ask you questions today, if you don't  
20 understand a question just please feel  
21 free to speak up and let me know. I'll  
22 try to repeat it or rephrase it.  
23 A Okay.  
24 Q Otherwise we'll assume that you did  
25 understand the question.

1 A Okay.

2 Q Alright? Now, from time to time other  
3 attorneys in the room might impose an  
4 objection into the record, and if that  
5 happens then we'll let the attorney  
6 finish and state the reasons why they're  
7 objecting, but after they're finished you  
8 can go ahead and answer the question.

9 A Okay.

10 Q Okay? Alright, Mr. Hart, do you realize that  
11 you're under oath today?

12 A Yes, I do.

13 Q Okay, are you taking any medications or  
14 any other substance that could prevent  
15 you from providing honest and accurate  
16 answers or which could interfere with  
17 your recollection?

18 A No, sir.

19 Q Okay, thank you. And is your presence  
20 here today in response to a subpoena that  
21 was served upon you to compel you to  
22 provide testimony?

23 A Yes, sir.

24 Q Okay. And could you tell us about your  
25 educational background?

1 A I have a high school education and one semester of  
2 college.  
3 Q Okay. Are you currently employed, Dave?  
4 A Dennis.  
5 Q Where at?  
6 A I'm Dennis.  
7 Q Thank you very much, Dennis. It's been a  
8 long day. It's been too long, Dennis,  
9 thank you. Dennis, are you currently  
10 employed?  
11 A Yes, sir.  
12 Q Where at?  
13 A Cumberland Valley Electric.  
14 Q In what capacity?  
15 A I'm a serviceman.  
16 Q And what does a serviceman do?  
17 A I go from house to house, I just do all the--just  
18 anything that a consumer needs in electric  
19 business.  
20 Q Okay, I understand. And how long have  
21 you worked at CVE?  
22 A Going on 33 years.  
23 Q Okay. Have you been approached by Ted  
24 Hampton or anybody else about your  
25 answers to the questions that we're going

1 to pose...

2 A No, sir.

3 Q ...to you today?

4 A No, sir.

5 Q So no one has talked to you about what to say

6 today?

7 A Not what to say, no, sir.

8 Q Not Mr. Hauser?

9 A No, sir.

10 Q No one else has?

11 A No, sir.

12 Q Okay. Has anyone on behalf of the

13 company told you or suggested to you that

14 you should be forgetful or have amnesia?

15 A No, sir.

16 Q Okay. Are you in fear of losing your job

17 or any other adverse consequences if you

18 should provide truthful answers to these

19 questions?

20 A No, sir.

21 Q Okay. Have you performed any work for

22 CVE in any other capacity?

23 A No, sir.

24 Q And during the course of your--33 years,

25 is that...

1 A Yes, sir.

2 Q ...with CVE, did you have any opportunity

3 to work with other CVE employees?

4 A Yes, sir.

5 Q For about the past ten years could you

6 tell us about who you worked with at CVE?

7 A All of them?

8 Q Well, try. Give it your best shot.

9 A Well, my immediate work is...

10 Q It's not that big a company though, is it?

11 A Well, there's thirty-some employees I guess.

12 Q Okay.

13 A Something like that. My immediate work really is

14 probably with David Taylor.

15 Q Okay.

16 A We work together, that's my majority that I work

17 with, and Jay Hampton is my supervisor.

18 Q Jay Hampton?

19 A Is my supervisor.

20 Q Okay, alright. And did you also have opportunity

21 to work with Ted Hampton?

22 A Yes, sir.

23 Q Okay. Now, during the course of your

24 employment at CVE did you have any

25 opportunity to learn about a man named

1 Ken Lay?  
2 A Yes, sir.  
3 Q Okay. Was Ken Lay an employee of CVE  
4 during the time that you worked there?  
5 A Yes, sir.  
6 Q What did he do for CVE?  
7 A I believe his job title was--it's been so long.  
8 Energy consultant I think it was when he worked  
9 there, as far as working at Cumberland Valley.  
10 Q And do you know whether Mr. Lay owns a  
11 business?  
12 A Yes.  
13 Q So does he own a business?  
14 A Yes, sir.  
15 Q And do you know the name of that  
16 business?  
17 A Lay Tree Trimming.  
18 Q Okay. Does Mr. Lay's business do any  
19 work with CVE?  
20 A Yes, sir.  
21 Q What type of work does he do?  
22 A Right-of-way trimming.  
23 Q Does that include right-of-way clearing  
24 and maintenance?  
25 A Yes, sir.

- 1 Q Okay. Do you have any knowledge about  
2 the billing arrangements between Mr. Lay  
3 and CVE?
- 4 A No, I have no knowledge.
- 5 Q Do you know the basis for how Mr. Lay is  
6 paid for his services?
- 7 A No, I don't.
- 8 Q Do you know whether Mr. Lay and his company provide  
9 the equipment they use to perform those services  
10 for CVE?
- 11 A I'm not exactly sure the way they work that, the  
12 equipment.
- 13 Q Okay. So do you know whether CVE  
14 provides any of the equipment for Mr.  
15 Lay's use?
- 16 A Yes.
- 17 Q Do they?
- 18 A From my understanding, yes.
- 19 Q Okay, do you know what types of equipment  
20 they provide for his use?
- 21 A The only thing I know of is a truck to drive  
22 around.
- 23 Q A truck...
- 24 A The crews, the crews.
- 25 Q Okay. You said the crews?

- 1 A The right-of-way crews.
- 2 Q Oh, okay, for Mister--when you say the right-of-way  
3 crews, meaning Mr. Lay's crews?
- 4 A Yes, sir.
- 5 Q Okay. So they use some trucks that CVE  
6 owns?
- 7 A Yes, sir.
- 8 Q Okay, I understand. Have you ever heard  
9 of a business called C&C, that's two  
10 letters, C&C Automotive Center?
- 11 A No, I've not.
- 12 Q Do you have any knowledge about CVE's  
13 bidding practices?
- 14 A No, I'm not familiar with them.
- 15 Q Do you know who at CVE is responsible for  
16 handling business operations with right-  
17 of-way contractors?
- 18 A Ted Hampton as far as I know.
- 19 Q Okay. Does Mr. Hampton manage business relations  
20 with some of CVE's other contractors?
- 21 A Yes, sir.
- 22 Q Do you know who those contractors are?
- 23 A Shelton Contracting and Three-C Construction.
- 24 Q Okay, in the course of your work at CVE  
25 did you ever learn of CVE purchasing a

1 bulldozer?

2 A Yes, sir.

3 Q Okay, do you know from whom they

4 purchased that bulldozer?

5 A No, sir, I don't.

6 Q Have you ever heard of an individual

7 named Ronnie Corey?

8 A Yes, sir.

9 Q How did you come to hear of Ronnie Corey?

10 A Three-C Construction.

11 Q Could that also be called Five-C

12 Construction?

13 A Yeah, I guess, yes, sir.

14 Q I just wanted to make sure to...

15 A I'm sorry.

16 Q ...clarify.

17 A Yes, sir.

18 Q And do you know whether Ronnie Corey's

19 company, Five-C Construction, do you know

20 whether that company does any business

21 with CVE?

22 A Yes, sir.

23 Q Do they do business?

24 A Yes, sir.

25 Q Okay. And do you know what kind of business they

1 do?  
2 A Line construction.  
3 Q Okay. Have you ever seen any CVE  
4 employees using the bulldozer?  
5 A No, sir.  
6 Q Do you know whether the bulldozer was used by any  
7 of CVE's contractors?  
8 A Yes, sir.  
9 Q Okay, do you know which contractors use  
10 it?  
11 A Now, would you state that again please?  
12 Q Okay, do you know whether any of CVE's contractors  
13 used the bulldozer?  
14 A Yes, sir.  
15 Q Do you know which contractors?  
16 A Five-C, from my understanding.  
17 Q Is the bulldozer also rigged to use a bush-hog?  
18 A Yes, sir.  
19 Q Okay, so if it's--if a bush-hog is being  
20 used, would that be used by the right-of-  
21 way contractor?  
22 A Now, the bulldozer you're talking about owned by  
23 Cumberland Valley? Is that what you're saying?  
24 Q Yes.  
25 A I need to back up. I'm not sure who the guy that

1 runs it, if he is--who he is hired by.

2 Q Oh, okay.

3 A I'm sorry.

4 Q Okay. So you don't know who would

5 operate the bulldozer?

6 A No, no, I don't know who operates the bulldozer.

7 Q But to your knowledge the bulldozer is

8 equipped with a bush-hog?

9 A Yes, sir.

10 Q And if the bulldozer is using the bush-

11 hog, would that be consistent that that

12 use would be by the right-of-way

13 contractor?

14 A I don't--I have no knowledge who runs it.

15 Q Okay, but bush-hogging--is bush-hogging

16 usually done to clear right-of-way or...

17 A Yes, sir.

18 Q ...to maintain right-of-way?

19 A Yes, sir.

20 Q Okay, alright, so I think you answered the

21 question. Do you have any knowledge about the

22 billing arrangements for the occasions when

23 contractors, when any contractor might use the

24 bulldozer?

25 A No, I have no knowledge of that.

1 Q Do you know who the accountant for Five-C  
2 Construction is?  
3 A No, I don't.  
4 Q Okay. Have you ever heard of a man named  
5 Wayne Bryant?  
6 A Yes, sir.  
7 Q Do you know who that is?  
8 A Yes, sir.  
9 Q Who is he?  
10 A Well, he's retired now, but he was the assistant  
11 manager at CVC, Cumberland Valley.  
12 Q Okay. And did he do accounting also for  
13 CVE?  
14 A I'm not sure exactly what all he done, but I think  
15 so.  
16 Q Alright. Was he recently retired?  
17 A Probably about a year.  
18 Q Okay, alright. Are you familiar with a  
19 man named John Rex Hampton?  
20 A I know him, yes, sir.  
21 Q Is he related to Ted Hampton?  
22 A Yes, sir.  
23 Q Is John Rex Hampton married?  
24 A Yes, sir.  
25 Q Do you know his wife's name?

1 A Karen.

2 Q Do you know whether Karen works at CVE?

3 A Yes, sir.

4 Q Do you know what she does at CVE?

5 A She is the bookkeeping clerk I think it is.

6 Q Okay. Does she issue checks?

7 A Yes, sir.

8 Q Does she sign for checks also?

9 A No, sir.

10 Q Who does sign for checks?

11 A Ted Hampton.

12 Q Okay. Is that for the payroll checks?

13 A Yes, my payroll checks.

14 Q Do you know if anybody else has signing

15 authority for checks to vendors?

16 A No, not the vendors.

17 Q So you don't know, is that what you're

18 saying?

19 A I don't know.

20 Q Okay, alright. Do you know whether John

21 Rex Hampton either now or ever has worked

22 for CVE?

23 A No, sir.

24 Q Do you know whether John Rex Hampton ever

25 did any work on CVE vehicles?

- 1 A No, sir.
- 2 Q Have you ever heard of a company called
- 3 SECC?
- 4 A SECC?
- 5 Q Yes, those four letters, SECC.
- 6 A No, sir.
- 7 Q Alright. Do you have--have you ever
- 8 heard of a company called Southeast
- 9 Petroleum?
- 10 A Yes, sir.
- 11 Q How did you come to learn about them?
- 12 A I've just seen their trucks, is all.
- 13 Q Do you know whether they did any business with CVE?
- 14 A I don't know.
- 15 Q Okay. Do you know whether John Rex
- 16 Hampton was involved in any businesses?
- 17 A Yes.
- 18 Q Okay, what businesses would that be?
- 19 A With Petroleum.
- 20 Q With petroleum?
- 21 A Yes, sir.
- 22 Q Do you know whether he was involved with
- 23 Southeast Petroleum?
- 24 A From my--yes, from my knowledge, yes, sir.
- 25 Q Okay. Okay, the times--so is it your

1 testimony that you do not know whether  
2 Southeast Petroleum ever provided any  
3 fuel to CVE?  
4 A Not to my knowledge.  
5 Q Not to your knowledge, okay. Have you ever heard  
6 of a company called Southeast Petro Mart?  
7 A No, sir.  
8 Q Okay. And have you ever heard of a  
9 company called Southeast Transport?  
10 A No, not Southeast Transport, no, sir.  
11 Q Have you ever heard of a trucking company that Ted  
12 Hampton owned?  
13 A No, sir.  
14 Q Have you ever seen any CVE employees working on or  
15 servicing any trucks that CVE did not own?  
16 A No, sir.  
17 Q Have you ever seen them working on any  
18 semi trucks?  
19 A No, sir.  
20 Q Okay. Have you ever heard of a company called Knox  
21 Auto Parts?  
22 A Yes, sir.  
23 Q How did you come to learn about them?  
24 A That's a business here in Barbourville.  
25 Q Okay, have you yourself ever done any

1 business with them?

2 A Yes, I have.

3 Q Do you know whether CVE ever did any

4 business with them?

5 A No, sir, I'm not sure.

6 Q Have you ever heard of Steve Hampton?

7 A Yes, sir.

8 Q Is he a CVE employee?

9 A Yes, sir.

10 Q Do you know what he does for CVE?

11 A He's a serviceman also.

12 Q And do you know whether Steve ever worked

13 for Knox Auto Parts?

14 A Yes, sir.

15 Q Do you know what he did there?

16 A An employee there as far as I know.

17 Q Do you have any knowledge about roughly

18 how much business in dollar figures was

19 transacted between Knox Auto Parts and

20 CVE?

21 A I have no knowledge.

22 Q Do you know where CVE stores its records?

23 A I've seen some storage, yes.

24 Q Okay, where would that be?

25 A In the office.

- 1 Q Whereabouts in the office?
- 2 A Cumberland Valley Electric.
- 3 Q Is it like a file room?
- 4 A There's--yeah, there's a file room, yes, sir.
- 5 Q Okay.
- 6 A Yeah.
- 7 Q And do you know if there's any other
- 8 location where their records are stored?
- 9 A Not to my knowledge.
- 10 Q And have you ever heard of a man named
- 11 Elbert Hampton?
- 12 A Yes, sir.
- 13 Q Do you know what his relationship is with
- 14 Ted?
- 15 A Brother.
- 16 Q Okay. And did Elbert ever serve on the
- 17 CVE board of directors?
- 18 A Yes, sir.
- 19 Q Is he currently a member of the CVE
- 20 board?
- 21 A Yes, sir.
- 22 Q And did Elbert, did he ever serve as an
- 23 employee of CVE?
- 24 A Yes, sir.
- 25 Q Do you know what he did?

- 1 A He was a line superintendent.
- 2 Q Okay. And did Elbert, while he was an
- 3 employee, at the same time was he also on
- 4 the board of directors?
- 5 A I'm sorry, try that again.
- 6 Q Okay. Do you know whether Elbert was on
- 7 the board of directors at the same time
- 8 that he was an employee for the company?
- 9 A No, sir.
- 10 Q Do you know whether Elbert Hampton ever
- 11 played any role in Knox Auto Parts?
- 12 A No, sir, I don't know.
- 13 Q Do you know whether Elbert was ever involved in any
- 14 other businesses?
- 15 A Yes, sir.
- 16 Q Do you know what those were?
- 17 A He had some--it's my understanding he owned Knox
- 18 Auto Parts.
- 19 Q Oh, okay. So you believe that Elbert
- 20 owned Knox Auto Parts?
- 21 A From my understanding, yes, sir.
- 22 Q Okay. And Steve was Elbert's son, is
- 23 that correct?
- 24 A Yes, sir.
- 25 Q Is Elbert's son?

1 A Uh-huh.

2 Q Is that correct?

3 A Yes.

4 Q So you believe to your knowledge that

5 Elbert owned Knox Auto and that your

6 previous testimony was that Steve worked

7 there?

8 A From my understanding.

9 Q Okay. Have you ever learned or seen

10 Elbert Hampton filling his personal

11 vehicle with CVE gasoline?

12 A No, sir, I've not.

13 Q Okay. Have you ever seen Elbert leaving

14 the CVE warehouse with materials from the

15 warehouse and placing them into his

16 personal vehicle?

17 A No, sir, I've not.

18 Q Okay. Have you ever heard of a business

19 called Hubbs Creek?

20 A Hubbs Creek?

21 Q Yeah.

22 A No, sir, I've not.

23 Q Do you know whether CVE ever does any

24 business with Hubbs Creek?

25 A I have no knowledge.

- 1 Q You ever heard of someone named Terry  
2 McCreary?
- 3 A Yes, sir.
- 4 Q Who would that be?
- 5 A He has a heating and air business, from my  
6 understanding.
- 7 Q Okay. Do you know whether Terry McCreary  
8 does any business with CVE?
- 9 A No--Terry, I may have a different Terry on my mind.
- 10 Q Okay, okay.
- 11 A I'm not--I've heard of Terry. I don't know his  
12 last name.
- 13 Q Okay.
- 14 A I guess is what I should say. I don't know his  
15 last name.
- 16 Q Have you ever--do you know who Steve  
17 Hampton's in-laws are?
- 18 A I don't know.
- 19 Q Have you ever heard of a business called Air Gas?
- 20 A I have no knowledge of Air Gas except for seeing  
21 trucks going up and down the road.
- 22 Q Okay. Do you know the name of the  
23 company that supplies acetylene and  
24 oxygen to CVE?
- 25 A I have no knowledge.

1 Q Do you have any knowledge about a power line that  
2 was run to a cabin off of Red Bird Road?  
3 A I'm not sure what you're saying.  
4 Q Do you think Red Bird Road, would that be  
5 in your area?  
6 A No, that's Dave Taylor's area.  
7 Q Okay. Have you ever heard of a man named  
8 J. B. Johnson?  
9 A Yes, sir.  
10 Q Do you know who that is?  
11 A Yes, sir.  
12 Q Who is he?  
13 A He's a lawyer in Williamsburg.  
14 Q Okay, how'd you come to know him?  
15 A At one time he was the lawyer for the company.  
16 Q Okay. Have you ever heard of a man named Bill  
17 Nighbert?  
18 A Yes, sir.  
19 Q How did you come to know him?  
20 A I just know of him in Williamsburg as being a--an  
21 office in Williamsburg.  
22 Q Do you know whether either J. B. Johnson  
23 or Bill Nighbert are CVE customers?  
24 A Yeah, I think they're customers, yes, sir.  
25 Q Okay. Do you know of any--do you know

- 1 where their property might be located?
- 2 A Probably on the Red Bird Road.
- 3 Q So you think it's probably located off
- 4 there, but you don't have any knowledge
- 5 regarding any line that was run to that
- 6 cabin, is that...
- 7 A Oh, a cabin? Oh, yeah, yeah, I know where that's
- 8 at.
- 9 Q Okay, alright. And do you have any
- 10 knowledge about the power line that was
- 11 run to that cabin?
- 12 A Yes, sir.
- 13 Q Okay, what is the extent of your
- 14 knowledge of that? Did you work there...
- 15 A I just--I turned the electric from--I turned it on
- 16 from temporary to permanent is all.
- 17 Q From temporary to permanent?
- 18 A Temporary to permanent service.
- 19 Q Alright. Is that cabin metered?
- 20 A Yes, sir.
- 21 Q And that cabin, would that be one where
- 22 the customer has to pay for part of the
- 23 extension of the line to the cabin?
- 24 A I have no knowledge of that now, I don't know.
- 25 Q Okay, so you don't know if the customer

- 1 would have paid any part of that?
- 2 A No, I have no knowledge of that.
- 3 Q Do you know anything about the laying of
- 4 an underground line to the Whitley County
- 5 School System?
- 6 A I know where it's at, yes, sir.
- 7 Q Okay, alright. Would that also be a line
- 8 for which the customer should have borne
- 9 at least part of the cost?
- 10 A I don't have any knowledge of that.
- 11 Q Okay. Well, are underground lines in
- 12 general more expensive than overhead?
- 13 A Really I have no knowledge of what the cost of what
- 14 they are from overhead to underground.
- 15 Q Okay, is there more...
- 16 A I don't know what the cost would be.
- 17 Q Does it take longer to install an
- 18 underground line?
- 19 A Yes, probably would.
- 20 Q Okay, so would you guess just from a
- 21 labor perspective then, would you guess
- 22 that it was more expensive to lay an
- 23 underground line?
- 24 A Yes, sir.
- 25 Q Do you know whether the customer in that

1 line would have paid any portion of that  
2 cost?  
3 A I have no knowledge.  
4 Q Okay. Do you know where Ted Hampton's wife works?  
5 A I think she works in Knox County--I'm not sure if  
6 she's in Whitley or Knox County now, I'm not sure.  
7 Q Okay.  
8 A She was in Whitley County last I knew of.  
9 Q Would that be in the school system there?  
10 A Yes, sir.  
11 Q Okay. And does John Rex Hampton's  
12 daughter work in the school system also?  
13 A In Knox County, I think so.  
14 Q In Knox County?  
15 A Yes, sir.  
16 Q Okay.  
17 A You said John Rex Hampton, I'm sorry.  
18 Q Yes.  
19 A No, no, sir. I'm not sure which county she works  
20 in.  
21 Q Okay, okay, I understand.  
22 A I'm sorry.  
23 Q That's okay. In the course of your employment with  
24 CVE have you ever learned of any lines being laid  
25 which were not necessary?

- 1 A Not to my knowledge.
- 2 Q Okay. Have you ever attended a CVE annual meeting?
- 3 A Yes, sir.
- 4 Q In what capacity?
- 5 A The employees work the annual meeting.
- 6 Q Okay. Were you present in the room when
- 7 the board of directors was elected?
- 8 A No, sir, I work outside.
- 9 Q Okay.
- 10 A I don't work inside with that part of it.
- 11 Q Do you have any knowledge regarding the
- 12 keeping of CVE corporate minutes?
- 13 A No, sir.
- 14 Q Have you ever heard about a truck that
- 15 CVE used to own that's called CVE truck
- 16 No. 61?
- 17 A No, sir.
- 18 Q Have you ever--do you have any knowledge
- 19 of instances in which the company sold
- 20 older trucks to people outside the
- 21 company?
- 22 A They just bid them out to my knowledge.
- 23 Q Bid them out?
- 24 A Yes, sir.
- 25 Q Okay. Do you have any knowledge of a bucket truck

1                   that was ever put up for bid?

2    A               No, not to my knowledge. I know nothing about it.

3                   I know they bid them out, but I don't--I don't

4                   really know which trucks.

5    Q               Or any trucks that might have been in an

6                   accident which caused them to put it out

7                   for sale?

8    A               No, sir.

9    Q               Okay. Do you have any knowledge of any

10                  instances in which the company added

11                  money to work projects?

12   A               I have no knowledge, no, sir.

13   Q               Okay, in the course of our conversation

14                  today we've mentioned several employees

15                  who are relatives of Ted's, and we

16                  mentioned a Steve and Karen and we talked

17                  about Elbert and--are there any other

18                  relatives of Ted Hampton's who work for

19                  the company?

20   A               Jay, I mentioned Jay, that's all I know of.

21   Q               Does he also go by the name of William?

22   A               Yes, sir.

23   Q               Okay. Now, in the course of your

24                  employment for the company did anybody

25                  ever ask you to do anything that you

1 questioned or gave you cause for concern?  
2 A No, sir.  
3 Q Have you ever heard of CVE being referred  
4 to as Hampton Valley?  
5 A Yes, sir.  
6 Q By whom?  
7 A Just different individuals.  
8 Q When you were out there waiting in the  
9 library did you discuss with any people  
10 who were in the room prior to you, any  
11 CVE employees, what their testimony was  
12 about?  
13 A No, sir.  
14 Q Did they not mention to you...  
15 A Yes, they made mention, yes, sir.  
16 Q Okay, did they tell you what kind of  
17 questions were going to be asked of you?  
18 A Yes, sir.  
19 Q Okay. Did they share anything else with you?  
20 A No, sir.  
21 Q Is there any other concern that you'd  
22 like to share with us today?  
23 A Yeah, really I would.  
24 Q Okay.  
25 A I don't understand what this has got to do with a

1 rate increase.

2 Q Okay, we'd be glad to tell you, I don't

3 know if...

4 MR. HOWARD: That'll come about during

5 the hearing.

6 Q During the hearing, yeah, that's right.

7 It will all unfold at that time.

8 A Okay.

9 Q Anything else?

10 A That's all.

11 MR. COOK: That's all the questions I

12 have right now. Some of the other

13 attorneys might have some questions for

14 you.

15 MR. HAUSER: I have no questions.

16 MS. MITCHELL: I have no questions.

17 MR. HOWARD: While we're on the record I

18 would like to--we don't have any more

19 questions, but there was some discussion

20 from the gentleman about the cabin at Red

21 Bird. Again, Mr. Hauser, we can try to

22 do this by way of letter or in a more

23 formal fashion if need be. We would like

24 to--and I will do this, memorialize it by

25 a letter, raise a number of inquiries

1 about the line extension or the placement  
2 of the line to the location at Red Bird  
3 Road to the cabin purportedly owned or at  
4 least it's under the account of J. B.  
5 Johnson and Bill Nighbert. We'd like to  
6 look at the records showing the running  
7 of the line that would be all associated  
8 with how far it went, the costs  
9 associated, if any, that were billed the  
10 customer. I can do that by letter if you  
11 would like or we can...

12 MR. HAUSER: You can add to what you're  
13 asking some other items.

14 MR. HOWARD: Yeah, I'll put that in the  
15 letter if that's acceptable.

16 MR. HAUSER: It is.

17 MR. HOWARD: Thank you.

18 MS. MITCHELL: And for all the documents  
19 that the Attorney General is asking Mr.  
20 Hauser to produce, we would like him to  
21 also produce it to the Public Service  
22 Commission.

23 MR. HAUSER: I mean, is it going to be  
24 simpler that we do a formal thing? That  
25 way...

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MS. MITCHELL: When you do your letter to  
send it in it'll go to the record and  
then when you comply it'll go in the  
record.

MR. HAUSER: That'll work.

MR. HOWARD: Yeah, thank you.

MR. HAUSER: We want to make sure it's  
tracked right.

(Deposition adjourned at 5:05 p.m.)

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STATE OF KENTUCKY  
COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

*Virginia Bunch*  
\_\_\_\_\_  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF DENNIS HART

\*\*\*\*\*

The deposition of DENNIS HART was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 4:25 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 DENNIS HART, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:

4 Q Could you spell your first and last name for the
5 record?

6 D-e-n-n-i-s, H-a-r-t.

7 Q Mr. Hart, my name's Larry Cook. I'm an
8 attorney with the Attorney General, the
9 Office of Rate Intervention. This to my
10 right is Dennis Howard, my boss, in the
11 same office. I'd like to have the other
12 people introduce themselves to you.

13 A Okay.

14 MS. MITCHELL: I'm Anita Mitchell from
15 the Kentucky Public Service Commission.

16 MS. EDWARDS: Andrea Edwards with the
17 Kentucky Public Service Commission.

18 MR. RUSSELL: Elie Russell with the
19 Kentucky Public Service Commission.

20 MR. HAUSER: Mr. Hampton's usually here,
21 he's not here, but you know Ted. Pat
22 Hauser.

23 MR. HOWARD: And we have Darvin Sebastian
24 in the room with the Attorney General's
25 Office as well, sir.

Elie Russell; from Cumberland Valley Electric Mr. James

Adkins.

\*\*\*\*\*

I N D E X

WITNESS: PAGE:

DENNIS HART:

Direct examination by Mr. Cook: 3-33

Reporter's Certificate: 34

1 Q Alright, Mr. Hart, have you ever given your
2 deposition before?

3 A Yes, I have.

4 Q Okay, so you know that if we ask you some
5 questions, if you're like me sometimes
6 you'll want to nod your head yes or shake
7 your head no or otherwise speak with
8 other body language, but you just have to
9 remember that that doesn't translate over
10 into the record that the court reporter's
11 taking.

12 A Yes.

13 Q Alright. As you probably know, CVE,
14 Cumberland Valley, has filed for a rate
15 increase with the Public Service
16 Commission. So the reason we're down
17 here today is to inquire into the
18 business practices of CVE. And when I
19 ask you questions today, if you don't
20 understand a question just please feel
21 free to speak up and let me know. I'll
22 try to repeat it or rephrase it.

23 A Okay.

24 Q Otherwise we'll assume that you did
25 understand the question.

1 A Okay.

2 Q Alright? Now, from time to time other attorneys in the room might impose an objection into the record, and if that happens then we'll let the attorney finish and state the reasons why they're objecting, but after they're finished you can go ahead and answer the question.

3 A Okay.

4 Q Okay? Alright, Mr. Hart, do you realize that you're under oath today?

5 A Yes, I do.

6 Q Okay, are you taking any medications or any other substance that could prevent you from providing honest and accurate answers or which could interfere with your recollection?

7 A No, sir.

8 Q Okay, thank you. And is your presence here today in response to a subpoena that was served upon you to compel you to provide testimony?

9 A Yes, sir.

10 Q Okay. And could you tell us about your educational background?

1 to pose...

2 A No, sir.

3 Q ...to you today?

4 A No, sir.

5 Q So no one has talked to you about what to say today?

6 A Not what to say, no, sir.

7 Q Not Mr. Hauser?

8 A No, sir.

9 Q No one else has?

10 A No, sir.

11 Q Okay. Has anyone on behalf of the company told you or suggested to you that you should be forgetful or have amnesia?

12 A No, sir.

13 Q Okay. Are you in fear of losing your job or any other adverse consequences if you should provide truthful answers to these questions?

14 A No, sir.

15 Q Okay. Have you performed any work for CVE in any other capacity?

16 A No, sir.

17 Q And during the course of your--33 years, is that...

1 A I have a high school education and one semester of college.

2 Q Okay. Are you currently employed, Dave?

3 A Dennis.

4 Q Where at?

5 A I'm Dennis.

6 Q Thank you very much, Dennis. It's been a long day. It's been too long, Dennis, thank you. Dennis, are you currently employed?

7 A Yes, sir.

8 Q Where at?

9 A Cumberland Valley Electric.

10 Q In what capacity?

11 A I'm a serviceman.

12 Q And what does a serviceman do?

13 A I go from house to house, I just do all the--just anything that a consumer needs in electric business.

14 Q Okay, I understand. And how long have you worked at CVE?

15 A Going on 33 years.

16 Q Okay. Have you been approached by Ted Hampton or anybody else about your answers to the questions that we're going

1 A Yes, sir.

2 Q ...with CVE, did you have any opportunity to work with other CVE employees?

3 A Yes, sir.

4 Q For about the past ten years could you tell us about who you worked with at CVE?

5 A All of them?

6 Q Well, try. Give it your best shot.

7 A Well, my immediate work is...

8 Q It's not that big a company though, is it?

9 A Well, there's thirty-some employees I guess.

10 Q Okay.

11 A Something like that. My immediate work really is probably with David Taylor.

12 Q Okay.

13 A We work together, that's my majority that I work with, and Jay Hampton is my supervisor.

14 Q Jay Hampton?

15 A Is my supervisor.

16 Q Okay, alright. And did you also have opportunity to work with Ted Hampton?

17 A Yes, sir.

18 Q Okay. Now, during the course of your employment at CVE did you have any opportunity to learn about a man named

Page 9		Page 11	
1	Ken Lay?	1 A	The right-of-way crews.
2 A	Yes, sir.	2 Q	Oh, okay, for Mister--when you say the right-of-way
3 Q	Okay. Was Ken Lay an employee of CVE	3	crews, meaning Mr. Lay's crews?
4	during the time that you worked there?	4 A	Yes, sir.
5 A	Yes, sir.	5 Q	Okay. So they use some trucks that CVE
6 Q	What did he do for CVE?	6	owns?
7 A	I believe his job title was--it's been so long.	7 A	Yes, sir.
8	Energy consultant I think it was when he worked	8 Q	Okay, I understand. Have you ever heard
9	there, as far as working at Cumberland Valley.	9	of a business called C&C, that's two
10 Q	And do you know whether Mr. Lay owns a	10	letters, C&C Automotive Center?
11	business?	11 A	No, I've not.
12 A	Yes.	12 Q	Do you have any knowledge about CVE's
13 Q	So does he own a business?	13	bidding practices?
14 A	Yes, sir.	14 A	No, I'm not familiar with them.
15 Q	And do you know the name of that	15 Q	Do you know who at CVE is responsible for
16	business?	16	handling business operations with right-
17 A	Lay Tree Trimming.	17	of-way contractors?
18 Q	Okay. Does Mr. Lay's business do any	18 A	Ted Hampton as far as I know.
19	work with CVE?	19 Q	Okay. Does Mr. Hampton manage business relations
20 A	Yes, sir.	20	with some of CVE's other contractors?
21 Q	What type of work does he do?	21 A	Yes, sir.
22 A	Right-of-way trimming.	22 Q	Do you know who those contractors are?
23 Q	Does that include right-of-way clearing	23 A	Shelton Contracting and Three-C Construction.
24	and maintenance?	24 Q	Okay, in the course of your work at CVE
25 A	Yes, sir.	25	did you ever learn of CVE purchasing a
Page 10		Page 12	
1 Q	Okay. Do you have any knowledge about	1	bulldozer?
2	the billing arrangements between Mr. Lay	2 A	Yes, sir.
3	and CVE?	3 Q	Okay, do you know from whom they
4 A	No, I have no knowledge.	4	purchased that bulldozer?
5 Q	Do you know the basis for how Mr. Lay is	5 A	No, sir, I don't.
6	paid for his services?	6 Q	Have you ever heard of an individual
7 A	No, I don't.	7	named Ronnie Corey?
8 Q	Do you know whether Mr. Lay and his company provide	8 A	Yes, sir.
9	the equipment they use to perform those services	9 Q	How did you come to hear of Ronnie Corey?
10	for CVE?	10 A	Three-C Construction.
11 A	I'm not exactly sure the way they work that, the	11 Q	Could that also be called Five-C
12	equipment.	12	Construction?
13 Q	Okay. So do you know whether CVE	13 A	Yeah, I guess, yes, sir.
14	provides any of the equipment for Mr.	14 Q	I just wanted to make sure to...
15	Lay's use?	15 A	I'm sorry.
16 A	Yes.	16 Q	...clarify.
17 Q	Do they?	17 A	Yes, sir.
18 A	From my understanding, yes.	18 Q	And do you know whether Ronnie Corey's
19 Q	Okay, do you know what types of equipment	19	company, Five-C Construction, do you know
20	they provide for his use?	20	whether that company does any business
21 A	The only thing I know of is a truck to drive	21	with CVE?
22	around.	22 A	Yes, sir.
23 Q	A truck...	23 Q	Do they do business?
24 A	The crews, the crews.	24 A	Yes, sir.
25 Q	Okay. You said the crews?	25 Q	Okay. And do you know what kind of business they

1 do?  
 2 A Line construction.  
 3 Q Okay. Have you ever seen any CVE  
 4 employees using the bulldozer?  
 5 A No, sir.  
 6 Q Do you know whether the bulldozer was used by any  
 7 of CVE's contractors?  
 8 A Yes, sir.  
 9 Q Okay, do you know which contractors use  
 10 it?  
 11 A Now, would you state that again please?  
 12 Q Okay, do you know whether any of CVE's contractors  
 13 used the bulldozer?  
 14 A Yes, sir.  
 15 Q Do you know which contractors?  
 16 A Five-C, from my understanding.  
 17 Q Is the bulldozer also rigged to use a bush-hog?  
 18 A Yes, sir.  
 19 Q Okay, so if it's--if a bush-hog is being  
 20 used, would that be used by the right-of-  
 21 way contractor?  
 22 A Now, the bulldozer you're talking about owned by  
 23 Cumberland Valley? Is that what you're saying?  
 24 Q Yes.  
 25 A I need to back up. I'm not sure who the guy that

1 Q Do you know who the accountant for Five-C  
 2 Construction is?  
 3 A No, I don't.  
 4 Q Okay. Have you ever heard of a man named  
 5 Wayne Bryant?  
 6 A Yes, sir.  
 7 Q Do you know who that is?  
 8 A Yes, sir.  
 9 Q Who is he?  
 10 A Well, he's retired now, but he was the assistant  
 11 manager at CVC, Cumberland Valley.  
 12 Q Okay. And did he do accounting also for  
 13 CVE?  
 14 A I'm not sure exactly what all he done, but I think  
 15 so.  
 16 Q Alright. Was he recently retired?  
 17 A Probably about a year.  
 18 Q Okay, alright. Are you familiar with a  
 19 man named John Rex Hampton?  
 20 A I know him, yes, sir.  
 21 Q Is he related to Ted Hampton?  
 22 A Yes, sir.  
 23 Q Is John Rex Hampton married?  
 24 A Yes, sir.  
 25 Q Do you know his wife's name?

1 runs it, if he is--who he is hired by.  
 2 Q Oh, okay.  
 3 A I'm sorry.  
 4 Q Okay. So you don't know who would  
 5 operate the bulldozer?  
 6 A No, no, I don't know who operates the bulldozer.  
 7 Q But to your knowledge the bulldozer is  
 8 equipped with a bush-hog?  
 9 A Yes, sir.  
 10 Q And if the bulldozer is using the bush-  
 11 hog, would that be consistent that that  
 12 use would be by the right-of-way  
 13 contractor?  
 14 A I don't--I have no knowledge who runs it.  
 15 Q Okay, but bush-hogging--is bush-hogging  
 16 usually done to clear right-of-way or...  
 17 A Yes, sir.  
 18 Q ...to maintain right-of-way?  
 19 A Yes, sir.  
 20 Q Okay, alright, so I think you answered the  
 21 question. Do you have any knowledge about the  
 22 billing arrangements for the occasions when  
 23 contractors, when any contractor might use the  
 24 bulldozer?  
 25 A No, I have no knowledge of that.

1 A Karen.  
 2 Q Do you know whether Karen works at CVE?  
 3 A Yes, sir.  
 4 Q Do you know what she does at CVE?  
 5 A She is the bookkeeping clerk I think it is.  
 6 Q Okay. Does she issue checks?  
 7 A Yes, sir.  
 8 Q Does she sign for checks also?  
 9 A No, sir.  
 10 Q Who does sign for checks?  
 11 A Ted Hampton.  
 12 Q Okay. Is that for the payroll checks?  
 13 A Yes, my payroll checks.  
 14 Q Do you know if anybody else has signing  
 15 authority for checks to vendors?  
 16 A No, not the vendors.  
 17 Q So you don't know, is that what you're  
 18 saying?  
 19 A I don't know.  
 20 Q Okay, alright. Do you know whether John  
 21 Rex Hampton either now or ever has worked  
 22 for CVE?  
 23 A No, sir.  
 24 Q Do you know whether John Rex Hampton ever  
 25 did any work on CVE vehicles?

Page 17		Page 19	
1 A	No, sir.	1	business with them?
2 Q	Have you ever heard of a company called	2 A	Yes, I have.
3	SECC?	3 Q	Do you know whether CVE ever did any
4 A	SECC?	4	business with them?
5 Q	Yes, those four letters, SECC.	5 A	No, sir, I'm not sure.
6 A	No, sir.	6 Q	Have you ever heard of Steve Hampton?
7 Q	Alright. Do you have--have you ever	7 A	Yes, sir.
8	heard of a company called Southeast	8 Q	Is he a CVE employee?
9	Petroleum?	9 A	Yes, sir.
10 A	Yes, sir.	10 Q	Do you know what he does for CVE?
11 Q	How did you come to learn about them?	11 A	He's a serviceman also.
12 A	I've just seen their trucks, is all.	12 Q	And do you know whether Steve ever worked
13 Q	Do you know whether they did any business with CVE?	13	for Knox Auto Parts?
14 A	I don't know.	14 A	Yes, sir.
15 Q	Okay. Do you know whether John Rex	15 Q	Do you know what he did there?
16	Hampton was involved in any businesses?	16 A	An employee there as far as I know.
17 A	Yes.	17 Q	Do you have any knowledge about roughly
18 Q	Okay, what businesses would that be?	18	how much business in dollar figures was
19 A	With Petroleum.	19	transacted between Knox Auto Parts and
20 Q	With petroleum?	20	CVE?
21 A	Yes, sir.	21 A	I have no knowledge.
22 Q	Do you know whether he was involved with	22 Q	Do you know where CVE stores its records?
23	Southeast Petroleum?	23 A	I've seen some storage, yes.
24 A	From my--yes, from my knowledge, yes, sir.	24 Q	Okay, where would that be?
25 Q	Okay. Okay, the times--so is it your	25 A	In the office.
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1	testimony that you do not know whether	1 Q	Whereabouts in the office?
2	Southeast Petroleum ever provided any	2 A	Cumberland Valley Electric.
3	fuel to CVE?	3 Q	Is it like a file room?
4 A	Not to my knowledge.	4 A	There's--yeah, there's a file room, yes, sir.
5 Q	Not to your knowledge, okay. Have you ever heard	5 Q	Okay.
6	of a company called Southeast Petro Mart?	6 A	Yeah.
7 A	No, sir.	7 Q	And do you know if there's any other
8 Q	Okay. And have you ever heard of a	8	location where their records are stored?
9	company called Southeast Transport?	9 A	Not to my knowledge.
10 A	No, not Southeast Transport, no, sir.	10 Q	And have you ever heard of a man named
11 Q	Have you ever heard of a trucking company that Ted	11	Elbert Hampton?
12	Hampton owned?	12 A	Yes, sir.
13 A	No, sir.	13 Q	Do you know what his relationship is with
14 Q	Have you ever seen any CVE employees working on or	14	Ted?
15	servicing any trucks that CVE did not own?	15 A	Brother.
16 A	No, sir.	16 Q	Okay. And did Elbert ever serve on the
17 Q	Have you ever seen them working on any	17	CVE board of directors?
18	semi trucks?	18 A	Yes, sir.
19 A	No, sir.	19 Q	Is he currently a member of the CVE
20 Q	Okay. Have you ever heard of a company called Knox	20	board?
21	Auto Parts?	21 A	Yes, sir.
22 A	Yes, sir.	22 Q	And did Elbert, did he ever serve as an
23 Q	How did you come to learn about them?	23	employee of CVE?
24 A	That's a business here in Barbourville.	24 A	Yes, sir.
25 Q	Okay, have you yourself ever done any	25 Q	Do you know what he did?

1 A He was a line superintendent.  
 2 Q Okay. And did Elbert, while he was an  
 3 employee, at the same time was he also on  
 4 the board of directors?  
 5 A I'm sorry, try that again.  
 6 Q Okay. Do you know whether Elbert was on  
 7 the board of directors at the same time  
 8 that he was an employee for the company?  
 9 A No, sir.  
 10 Q Do you know whether Elbert Hampton ever  
 11 played any role in Knox Auto Parts?  
 12 A No, sir, I don't know.  
 13 Q Do you know whether Elbert was ever involved in any  
 14 other businesses?  
 15 A Yes, sir.  
 16 Q Do you know what those were?  
 17 A He had some--it's my understanding he owned Knox  
 18 Auto Parts.  
 19 Q Oh, okay. So you believe that Elbert  
 20 owned Knox Auto Parts?  
 21 A From my understanding, yes, sir.  
 22 Q Okay. And Steve was Elbert's son, is  
 23 that correct?  
 24 A Yes, sir.  
 25 Q Is Elbert's son?

1 Q You ever heard of someone named Terry  
 2 McCreary?  
 3 A Yes, sir.  
 4 Q Who would that be?  
 5 A He has a heating and air business, from my  
 6 understanding.  
 7 Q Okay. Do you know whether Terry McCreary  
 8 does any business with CVE?  
 9 A No--Terry, I may have a different Terry on my mind.  
 10 Q Okay, okay.  
 11 A I'm not--I've heard of Terry. I don't know his  
 12 last name.  
 13 Q Okay.  
 14 A I guess is what I should say. I don't know his  
 15 last name.  
 16 Q Have you ever--do you know who Steve  
 17 Hampton's in-laws are?  
 18 A I don't know.  
 19 Q Have you ever heard of a business called Air Gas?  
 20 A I have no knowledge of Air Gas except for seeing  
 21 trucks going up and down the road.  
 22 Q Okay. Do you know the name of the  
 23 company that supplies acetylene and  
 24 oxygen to CVE?  
 25 A I have no knowledge.

1 A Uh-huh.  
 2 Q Is that correct?  
 3 A Yes.  
 4 Q So you believe to your knowledge that  
 5 Elbert owned Knox Auto and that your  
 6 previous testimony was that Steve worked  
 7 there?  
 8 A From my understanding.  
 9 Q Okay. Have you ever learned or seen  
 10 Elbert Hampton filling his personal  
 11 vehicle with CVE gasoline?  
 12 A No, sir, I've not.  
 13 Q Okay. Have you ever seen Elbert leaving  
 14 the CVE warehouse with materials from the  
 15 warehouse and placing them into his  
 16 personal vehicle?  
 17 A No, sir, I've not.  
 18 Q Okay. Have you ever heard of a business  
 19 called Hubbs Creek?  
 20 A Hubbs Creek?  
 21 Q Yeah.  
 22 A No, sir, I've not.  
 23 Q Do you know whether CVE ever does any  
 24 business with Hubbs Creek?  
 25 A I have no knowledge.

1 Q Do you have any knowledge about a power line that  
 2 was run to a cabin off of Red Bird Road?  
 3 A I'm not sure what you're saying.  
 4 Q Do you think Red Bird Road, would that be  
 5 in your area?  
 6 A No, that's Dave Taylor's area.  
 7 Q Okay. Have you ever heard of a man named  
 8 J. B. Johnson?  
 9 A Yes, sir.  
 10 Q Do you know who that is?  
 11 A Yes, sir.  
 12 Q Who is he?  
 13 A He's a lawyer in Williamsburg.  
 14 Q Okay, how'd you come to know him?  
 15 A At one time he was the lawyer for the company.  
 16 Q Okay. Have you ever heard of a man named Bill  
 17 Nighbert?  
 18 A Yes, sir.  
 19 Q How did you come to know him?  
 20 A I just know of him in Williamsburg as being a--an  
 21 office in Williamsburg.  
 22 Q Do you know whether either J. B. Johnson  
 23 or Bill Nighbert are CVE customers?  
 24 A Yeah, I think they're customers, yes, sir.  
 25 Q Okay. Do you know of any--do you know

1 where their property might be located?  
 2 A Probably on the Red Bird Road.  
 3 Q So you think it's probably located off  
 4 there, but you don't have any knowledge  
 5 regarding any line that was run to that  
 6 cabin, is that...  
 7 A Oh, a cabin? Oh, yeah, yeah, I know where that's  
 8 at.  
 9 Q Okay, alright. And do you have any  
 10 knowledge about the power line that was  
 11 run to that cabin?  
 12 A Yes, sir.  
 13 Q Okay, what is the extent of your  
 14 knowledge of that? Did you work there...  
 15 A I just--I turned the electric from--I turned it on  
 16 from temporary to permanent is all.  
 17 Q From temporary to permanent?  
 18 A Temporary to permanent service.  
 19 Q Alright. Is that cabin metered?  
 20 A Yes, sir.  
 21 Q And that cabin, would that be one where  
 22 the customer has to pay for part of the  
 23 extension of the line to the cabin?  
 24 A I have no knowledge of that now, I don't know.  
 25 Q Okay, so you don't know if the customer

1 line would have paid any portion of that  
 2 cost?  
 3 A I have no knowledge.  
 4 Q Okay. Do you know where Ted Hampton's wife works?  
 5 A I think she works in Knox County--I'm not sure if  
 6 she's in Whitley or Knox County now, I'm not sure.  
 7 Q Okay.  
 8 A She was in Whitley County last I knew of.  
 9 Q Would that be in the school system there?  
 10 A Yes, sir.  
 11 Q Okay. And does John Rex Hampton's  
 12 daughter work in the school system also?  
 13 A In Knox County, I think so.  
 14 Q In Knox County?  
 15 A Yes, sir.  
 16 Q Okay.  
 17 A You said John Rex Hampton, I'm sorry.  
 18 Q Yes.  
 19 A No, no, sir. I'm not sure which county she works  
 20 in.  
 21 Q Okay, okay, I understand.  
 22 A I'm sorry.  
 23 Q That's okay. In the course of your employment with  
 24 CVE have you ever learned of any lines being laid  
 25 which were not necessary?

1 would have paid any part of that?  
 2 A No, I have no knowledge of that.  
 3 Q Do you know anything about the laying of  
 4 an underground line to the Whitley County  
 5 School System?  
 6 A I know where it's at, yes, sir.  
 7 Q Okay, alright. Would that also be a line  
 8 for which the customer should have borne  
 9 at least part of the cost?  
 10 A I don't have any knowledge of that.  
 11 Q Okay. Well, are underground lines in  
 12 general more expensive than overhead?  
 13 A Really I have no knowledge of what the cost of what  
 14 they are from overhead to underground.  
 15 Q Okay, is there more...  
 16 A I don't know what the cost would be.  
 17 Q Does it take longer to install an  
 18 underground line?  
 19 A Yes, probably would.  
 20 Q Okay, so would you guess just from a  
 21 labor perspective then, would you guess  
 22 that it was more expensive to lay an  
 23 underground line?  
 24 A Yes, sir.  
 25 Q Do you know whether the customer in that

1 A Not to my knowledge.  
 2 Q Okay. Have you ever attended a CVE annual meeting?  
 3 A Yes, sir.  
 4 Q In what capacity?  
 5 A The employees work the annual meeting.  
 6 Q Okay. Were you present in the room when  
 7 the board of directors was elected?  
 8 A No, sir, I work outside.  
 9 Q Okay.  
 10 A I don't work inside with that part of it.  
 11 Q Do you have any knowledge regarding the  
 12 keeping of CVE corporate minutes?  
 13 A No, sir.  
 14 Q Have you ever heard about a truck that  
 15 CVE used to own that's called CVE truck  
 16 No. 61?  
 17 A No, sir.  
 18 Q Have you ever--do you have any knowledge  
 19 of instances in which the company sold  
 20 older trucks to people outside the  
 21 company?  
 22 A They just bid them out to my knowledge.  
 23 Q Bid them out?  
 24 A Yes, sir.  
 25 Q Okay. Do you have any knowledge of a bucket truck

1 that was ever put up for bid?  
 2 A No, not to my knowledge. I know nothing about it.  
 3 I know they bid them out, but I don't--I don't  
 4 really know which trucks.  
 5 Q Or any trucks that might have been in an  
 6 accident which caused them to put it out  
 7 for sale?  
 8 A No, sir.  
 9 Q Okay. Do you have any knowledge of any  
 10 instances in which the company added  
 11 money to work projects?  
 12 A I have no knowledge, no, sir.  
 13 Q Okay, in the course of our conversation  
 14 today we've mentioned several employees  
 15 who are relatives of Ted's, and we  
 16 mentioned a Steve and Karen and we talked  
 17 about Elbert and--are there any other  
 18 relatives of Ted Hampton's who work for  
 19 the company?  
 20 A Jay, I mentioned Jay, that's all I know of.  
 21 Q Does he also go by the name of William?  
 22 A Yes, sir.  
 23 Q Okay. Now, in the course of your  
 24 employment for the company did anybody  
 25 ever ask you to do anything that you

1 rate increase.  
 2 Q Okay, we'd be glad to tell you, I don't  
 3 know if...  
 4 MR. HOWARD: That'll come about during  
 5 the hearing.  
 6 Q During the hearing, yeah, that's right.  
 7 It will all unfold at that time.  
 8 A Okay.  
 9 Q Anything else?  
 10 A That's all.  
 11 MR. COOK: That's all the questions I  
 12 have right now. Some of the other  
 13 attorneys might have some questions for  
 14 you.  
 15 MR. HAUSER: I have no questions.  
 16 MS. MITCHELL: I have no questions.  
 17 MR. HOWARD: While we're on the record I  
 18 would like to--we don't have any more  
 19 questions, but there was some discussion  
 20 from the gentleman about the cabin at Red  
 21 Bird. Again, Mr. Hauser, we can try to  
 22 do this by way of letter or in a more  
 23 formal fashion if need be. We would like  
 24 to--and I will do this, memorialize it by  
 25 a letter, raise a number of inquiries

1 questioned or gave you cause for concern?  
 2 A No, sir.  
 3 Q Have you ever heard of CVE being referred  
 4 to as Hampton Valley?  
 5 A Yes, sir.  
 6 Q By whom?  
 7 A Just different individuals.  
 8 Q When you were out there waiting in the  
 9 library did you discuss with any people  
 10 who were in the room prior to you, any  
 11 CVE employees, what their testimony was  
 12 about?  
 13 A No, sir.  
 14 Q Did they not mention to you...  
 15 A Yes, they made mention, yes, sir.  
 16 Q Okay, did they tell you what kind of  
 17 questions were going to be asked of you?  
 18 A Yes, sir.  
 19 Q Okay. Did they share anything else with you?  
 20 A No, sir.  
 21 Q Is there any other concern that you'd  
 22 like to share with us today?  
 23 A Yeah, really I would.  
 24 Q Okay.  
 25 A I don't understand what this has got to do with a

1 about the line extension or the placement  
 2 of the line to the location at Red Bird  
 3 Road to the cabin purportedly owned or at  
 4 least it's under the account of J. B.  
 5 Johnson and Bill Nighbert. We'd like to  
 6 look at the records showing the running  
 7 of the line that would be all associated  
 8 with how far it went, the costs  
 9 associated, if any, that were billed the  
 10 customer. I can do that by letter if you  
 11 would like or we can...  
 12 MR. HAUSER: You can add to what you're  
 13 asking some other items.  
 14 MR. HOWARD: Yeah, I'll put that in the  
 15 letter if that's acceptable.  
 16 MR. HAUSER: It is.  
 17 MR. HOWARD: Thank you.  
 18 MS. MITCHELL: And for all the documents  
 19 that the Attorney General is asking Mr.  
 20 Hauser to produce, we would like him to  
 21 also produce it to the Public Service  
 22 Commission.  
 23 MR. HAUSER: I mean, is it going to be  
 24 simpler that we do a formal thing? That  
 25 way...

1 MS. MITCHELL: When you do your letter to  
 2 send it in it'll go to the record and  
 3 then when you comply it'll go in the  
 4 record.  
 5 MR. HAUSER: That'll work.  
 6 MR. HOWARD: Yeah, thank you.  
 7 MR. HAUSER: We want to make sure it's  
 8 tracked right.  
 9 (Deposition adjourned at 5:05 p.m.)  
 10 \* \* \* \* \*

1 STATE OF KENTUCKY  
 2  
 3 COUNTY OF KNOX  
 4  
 5 I, Virginia Bunch, the undersigned Notary Public  
 6 within and for the State of Kentucky at Large, do hereby  
 7 certify that the foregoing was heard before me on the date  
 8 and for the purpose as set out in the caption thereto; that  
 9 before testifying, the witness was, by me, duly sworn; that  
 10 his testimony was taken down in shorthand and later reduced  
 11 to typewriting, and the foregoing is a true and correct  
 12 transcript of my notes; that no written request having been  
 13 received by me, the deposition was not read or subscribed to  
 14 by the witness.  
 15 Given under my hand this \_\_\_\_\_ day of January,  
 16 2006.  
 17  
 18  
 19 VIRGINIA BUNCH  
 20 NOTARY PUBLIC  
 21 STATE OF KENTUCKY AT LARGE  
 22  
 23 MY COMMISSION EXPIRES: May 30, 2008.  
 24  
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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF ROBERT TOLLIVER

\* \* \* \* \*

The deposition of ROBERT TOLLIVER was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 9:50 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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JAN 31 2006  
PUBLIC SERVICE  
COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

\* \* \* \* \*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>ROBERT TOLLIVER:</u>	
Direct examination by Mr. Cook:	3-67
Cross examination by Mr. Hauser:	67-77
Cross examination by Ms. Mitchell:	77-79
Redirect examination by Mr. Howard:	79-88
Recross examination by Mr. Hauser:	88-89
Redirect examination by Mr. Howard:	89-91
Reporter's Certificate:	92

1                   ROBERT TOLLIVER, having been first duly sworn by  
2 the undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q            Could you state your name and address for the  
5 record?

6 A            My name is Robert Tolliver. My mailing address is  
7 P. O. Box 311, Gray, Kentucky 40734.

8 Q            Thank you very much. Mr. Tolliver, my  
9 name is Larry Cook. I'm with the  
10 Kentucky Attorney General's Office, the  
11 Office of Rate Intervention. Seated to  
12 my right is Mr. Dennis Howard, also with  
13 my office, and also we have Anita  
14 Mitchell with the Public Service  
15 Commission, and maybe we'd better have  
16 those other two individuals introduce  
17 themselves, I'm sorry.

18                   MS. EDWARDS: I'm Andrea Edwards, and I'm  
19 also with the Public Service Commission.

20                   MR. RUSSELL: Elie Russell with the  
21 Public Service Commission.

22 Q            And then I think you know these three individuals?

23 A            Yes, sir.

24 Q            Mr. Hauser is representing the company  
25 today, and of course, we have our court

1 reporter in attendance too. Basically  
2 let me just explain, we're conducting  
3 this deposition to ask some questions  
4 about CVE's business practices. As you  
5 probably know, CVE has filed for a rate  
6 increase with the Kentucky Public Service  
7 Commission, so that's what brings us here  
8 today. If you don't understand a  
9 question, just speak up and let me know  
10 and then I'll try to repeat it or  
11 rephrase it so you do understand.  
12 Otherwise, we'll just assume that you do  
13 understand the question, okay? Also when  
14 you're--and when you're giving a  
15 deposition, you need to be careful about  
16 if you nod your head or shake your head,  
17 that doesn't come across for the court  
18 reporter. You'll have to say verbally  
19 yes or no. It's a little bit different,  
20 so. Okay?

21 A Okay.

22 Q Thank you. Now, from time to time in the course of  
23 this deposition the various attorneys might assert  
24 an objection for the record, and the court reporter  
25 will note that, but after the objection is noted,

1                   you can go ahead and answer the question.

2    A                Okay.

3    Q                Alright. Okay, what that being said, I'm

4                   going to go ahead and start. Mr.

5                   Tolliver, do you realize that you're

6                   under oath today?

7    A                Yes, sir.

8    Q                Okay, thank you. Are you taking any

9                   medications or any other substances that

10                  might either prevent you from giving

11                  honest and accurate answers or could

12                  interfere with your recollection in any

13                  way?

14   A                No, sir.

15   Q                Thank you. Is your presence here today

16                  in response to a subpoena that was served

17                  upon you to compel you to provide

18                  testimony?

19   A                That is correct.

20   Q                Okay, thank you. Could you tell us about

21                  your educational background?

22   A                I have a degree in business administration from

23                  Cumberland College. I have taken several classes

24                  toward an MBA, and just general continued education

25                  units in the cooperative program.

- 1 Q Okay, I understand. And are you  
2 currently employed?
- 3 A Yes, sir.
- 4 Q In what capacity?
- 5 A The officer manager at Cumberland Valley Electric.
- 6 Q Okay. Has Ted Hampton approached you  
7 about your answers to questions that we  
8 may pose to you today?
- 9 A He has not told me how to answer any questions. I  
10 do recall being in his office on a couple of  
11 different occasions where--when the questions first  
12 came in, he just read through the questions and he  
13 didn't ask for any response.
- 14 Q Okay.
- 15 A I do recall that.
- 16 Q Alright. Has Mr. Hampton or anyone acting on behalf  
17 of the company either directly stated or in any way  
18 insinuated that you should have amnesia or be  
19 forgetful?
- 20 A No, sir.
- 21 Q Okay. Are you in fear of losing your job  
22 if you provide truthful answers to these  
23 questions?
- 24 A That could be a possibility.
- 25 Q Okay. What are your responsibilities at CVE?

- 1 A Well, currently we've had a lot of turnover. Our  
2 accounting supervisor has retired, our office  
3 manager has retired, so I assumed the  
4 responsibilities of accounting and finance and the  
5 office manager's responsibilities as well as a  
6 position we call power use advisor. So currently I  
7 would assume I'm responsible for the office and the  
8 accounting and finance.
- 9 Q Okay, alright. So technically you are a CVE  
10 employee, is that correct?
- 11 A That is correct.
- 12 Q Okay. Have you ever performed any work  
13 for CVE in any other capacity?
- 14 A The only thing I can think of that I've done at  
15 Cumberland Valley, several years ago we had some  
16 panic buttons installed that I took part in.
- 17 Q And what are those panic buttons?
- 18 A We had a--we tried to get the local alarm installer  
19 to put in some panic buttons, and we contacted him  
20 several times and he--he's a very busy guy and he  
21 never showed up, so I actually installed the panic  
22 buttons at the counters at the front desk and tied  
23 them into an alarm panel.
- 24 Q Okay, so these were just for use inside  
25 the company headquarters?

- 1 A That is correct.
- 2 Q Okay, I understand.
- 3 A That's the only thing I can think of as any other  
4 dealings that I've had at Cumberland Valley.
- 5 Q Okay. And what was the approximate  
6 starting date for your employment with  
7 CVE?
- 8 A September 1990.
- 9 Q And during the course of your employment with CVE  
10 have you had the opportunity to work with other CVE  
11 employees?
- 12 A Yes, sir.
- 13 Q Do you know, could you tell us who some of them  
14 are?
- 15 A I worked very closely with Wayne Bryant, Robert  
16 Prevatte, worked with Joe Carroll, Donald Lynch.  
17 Ted Hampton's in the same office that I'm in, Karen  
18 Hampton and Joetta Jordan, Shirley Carey, Linda  
19 White, Karen Miller, Joyce Rogers, Rosetta Eaton.
- 20 Q Okay. So in the course of your  
21 employment with CVE did you have  
22 opportunity to work with the manager, Mr.  
23 Ted Hampton?
- 24 A On occasion, yes, sir.
- 25 Q Okay. During the course of your

1 employment with CVE have you had the  
2 opportunity to learn of the name of an  
3 individual named Ken Lay?  
4 A Yes, sir.  
5 Q Okay, was Ken Lay an employee of CVE  
6 during the time that you worked there?  
7 A No, sir.  
8 Q Was he ever a CVE employee?  
9 A It's my understanding that he was in the past.  
10 Q Do you know whether Mr. Lay owns a  
11 business?  
12 A Yes, sir.  
13 Q What is the name of that business?  
14 A Lay Tree & Brush Company.  
15 Q Does that business do any work for CVE?  
16 A Yes, sir.  
17 Q What type of work?  
18 A They do right-of-way contracting.  
19 Q Is that to clear right-of-way?  
20 A I assume it is to clear right-of-way.  
21 Q Okay. Is Mr. Lay any relation to Ted  
22 Hampton?  
23 A I just know what I've heard other people say. They  
24 have always said that they were cousins.  
25 Q Okay, I appreciate you telling us how you

- 1                   came to know that. Is Mr. Lay related in  
2                   any way to any other CVE employees to  
3                   your knowledge?
- 4    A               I do not know.
- 5    Q               Do you know whether Mr. Lay is related in  
6                   any way to any CVE officer or board  
7                   member?
- 8    A               Do not know.
- 9    Q               Do you have any knowledge regarding the billing  
10                   arrangements between Mr. Lay and CVE?
- 11   A               Just in regard as an employee I was responsible for  
12                   paying the bills there for many years. Normally  
13                   Mr. Lay would bring the bill and lay it on my desk  
14                   or Wayne Bryant's desk, and we would be responsible  
15                   for breaking that bill down and charging it to the  
16                   appropriate account numbers.
- 17   Q               I understand. Do you know the basis or  
18                   how Mr. Lay is paid for the services he  
19                   and his company render to CVE?
- 20   A               They're paid on an hourly basis.
- 21   Q               Okay. Was it only for labor that an hourly rate  
22                   was charged?
- 23   A               There was rates for labor and chain saws, on  
24                   occasion pickup trucks.
- 25   Q               Do Mr. Lay and his company provide the

- 1 equipment they use to perform those  
2 services for CVE?
- 3 A I think they provide the chain saws. To my  
4 knowledge I think that's all they provide, and  
5 maybe the pickup for the general foreman, and  
6 that's--that was just on occasion that we would get  
7 a bill for a general foreman.
- 8 Q Okay. Are you familiar with an entity  
9 known as C&C Automotive Center?
- 10 A C&C? No, I'm not.
- 11 Q Okay. So you've never heard of that  
12 company anywhere?
- 13 A I don't recall hearing of it.
- 14 Q Okay. Does CVE provide any of the  
15 equipment that Ken Lay uses?
- 16 A Yes, we do. We provide the vehicles,  
17 transportation for the right-of-way employees.
- 18 Q And what types of equipment?
- 19 A I would assume things like pickup trucks, maybe  
20 trucks to haul brush in, that type thing.
- 21 Q Okay.
- 22 A I'm not sure about chippers. Maybe chippers as  
23 well.
- 24 Q Okay. Does it strike you as unusual in any way  
25 that CVE provides this equipment for Mr. Lay's use?

- 1 A That doesn't seem to be normal and the way other  
2 cooperatives operate their right-of-way.
- 3 Q Okay. Do you know whether CVE provides  
4 equipment for other contractors?
- 5 A We have contractors for construction. I'm not  
6 sure, I know they use some of their equipment, I'm  
7 not sure if they utilize any of Cumberland Valley's  
8 equipment or not.
- 9 Q Okay. Do you know whether all of the contractors  
10 who bid on CVE projects are made aware of the fact  
11 that CVE pays for at least some of its contractors'  
12 use of equipment and expenses?
- 13 A I am not aware that they're made aware of that. I  
14 do not know that.
- 15 Q You don't know whether that's so?
- 16 A No.
- 17 Q Who at CVE was responsible for handling  
18 business operations with right-of-way  
19 contractors?
- 20 A Ted always took care of the right-of-way program.
- 21 Q Did Mr. Hampton--did Ted Hampton manage  
22 the business relations with any of CVE's  
23 other contractors?
- 24 A Can you explain that question? What do you mean by  
25 handle the relationship?

- 1 Q Was he responsible for maintaining contacts with  
2 them and doing the scheduling, any part of--any  
3 part of the relationship with the other  
4 contractors?
- 5 A To my knowledge I'm not sure how that transpired.  
6 I don't know of any other employees that had  
7 dealings with the contractors as far as telling  
8 them what to do and when to do it unless it would  
9 be Ted or maybe a construction superintendent. I  
10 really don't know how they decide that.
- 11 Q Do you know whether any bids were ever  
12 placed with these other contractors?
- 13 A Bids with what contractors?
- 14 Q For construction, right-of-way, anything, any other  
15 contractors at all.
- 16 A I'm not sure I understand your question.
- 17 Q Okay, do you know whether CVE ever let bids out for  
18 any contractors that CVE uses?
- 19 A I know when the contracts would come due that we  
20 would have a bidding process. I'm not sure how  
21 that worked as far as who was asked to submit bids  
22 and who was not, but...
- 23 Q Okay.
- 24 A I know there was a process...
- 25 Q Okay.

- 1 A ...that they went through.
- 2 Q I understand. But if I understand
- 3 correctly, you don't know how the--how
- 4 the bidding procedure itself worked?
- 5 A Well, I suppose that somehow they would come up
- 6 with bids. I don't know if they requested that
- 7 from other construction companies or what, but I
- 8 know the bids would come in. Usually the manager's
- 9 secretary would handle that function. A lot of
- 10 times the manager would call Wayne Bryant back and
- 11 they would look at the--I assume look at the bids
- 12 and come up with a sheet that they would normally
- 13 present to the board of directors. That's not a
- 14 process I was normally involved in, but I've been
- 15 back there many occasions when that was
- 16 transpiring.
- 17 Q Okay, okay. So you have some direct
- 18 knowledge of that?
- 19 A Yes, sir.
- 20 Q Okay. Did Ted Hampton hold staff
- 21 meetings with his staff from time to
- 22 time?
- 23 A On occasion he would call us back to his office,
- 24 normally like on a Monday morning or something, and
- 25 we would all sit down and he would bring up

- 1                   whatever he wanted to talk about.
- 2    Q               I understand.  And who would be present at those
- 3                   meetings?
- 4    A               Normally myself, Wayne Bryant, Robert Prevatte,
- 5                   maybe Jay Hampton, Joe Carroll.  Now Mark Abner.
- 6    Q               What does Mark Abner do?
- 7    A               He's our electrical engineer.
- 8    Q               So the staff meeting would be, if I'm correct, for
- 9                   more or less senior management, is that...
- 10   A               That would be...
- 11   Q               Would that be a good characterization?
- 12   A               That would be correct.
- 13   Q               Okay.  During any of those meetings did Ted Hampton
- 14                   explain why he wanted to closely supervise dealings
- 15                   with right-of-way contractors?
- 16   A               No, sir.
- 17   Q               Was your father once a member of the CVE
- 18                   board of directors?
- 19   A               Yes, sir.
- 20   Q               When was that?
- 21   A               I think he started in about 1970, '71, and I think
- 22                   he resigned maybe about a year ago.
- 23   Q               And do you know why he left the board of
- 24                   directors?
- 25   A               I know what he told me.

1 Q What was that?

2 A He said he no longer wanted to serve with people of  
3 that character that was on the--on the board at  
4 that point in time.

5 Q Okay. Did he identify the people on it,  
6 was it the entire board that he was  
7 referring to or certain individuals on  
8 the board?

9 A Well, I know he knows one other board member  
10 personally, so I would assume that that guy would  
11 not be included in that group, but I guess as a  
12 whole.

13 Q Okay. Did your father ever make any  
14 suggestions to Ted Hampton about ways to  
15 reduce expenditures on the right-of-way  
16 program?

17 A He told me he did.

18 MR. HAUSER: Object to the hearsay on  
19 this.

20 Q Did Mr. Hampton refuse to consider any suggestions  
21 that would reduce right-of-way expenditures?

22 A Well, at that point in time we were looking at  
23 maybe a rate increase. Things were not looking good  
24 financially. He told me that he brought up the  
25 idea in the board meeting that we might need to cut

1 back and try to postpone having a rate increase for  
2 as long as we could, and his words to me were that  
3 Ted told him that would hurt Kenneth awful bad if  
4 we did that.

5 Q Kenneth meaning whom?

6 A Mr. Kenneth Lay.

7 Q Okay. Was there any particular piece of  
8 equipment that was owned by CVE and used  
9 by its contractors that came to your  
10 attention?

11 A We had talked about a bulldozer on occasion that  
12 was bought from Five-C Construction that was topic  
13 of conversation among many different employees  
14 there at Cumberland Valley.

15 Q Okay. Do you have any knowledge regarding  
16 the price of that bulldozer?

17 A As I recall, I think we paid about sixty thousand  
18 dollars for it.

19 REPORTER: About what?

20 A Sixty.

21 Q Sixty thousand?

22 A Yes, sir.

23 Q Do you know who used the bulldozer?

24 A You mean prior or since?

25 Q From the time that CVE bought it.

- 1 A I do not know how we used the bulldozer.
- 2 Q Okay, and do you know--I mean, did CVE
- 3 contractors use the bulldozer?
- 4 A I don't know who actually ran the bulldozer. I
- 5 would assume the bulldozer had a bush-hog
- 6 attachment on it, I know that Bogey McCuen worked
- 7 on the bulldozer for a long time there to get it
- 8 ready to use. I'm not sure if we used it in
- 9 clearing right-of-way or if it was used some in
- 10 construction, I don't have any knowledge of what
- 11 the actual purpose. Other than I would assume it
- 12 would be right-of-way since it had a bush-hog on
- 13 it.
- 14 Q Okay, so if it had a bush-hog that was
- 15 intended to be hitched to the bulldozer,
- 16 is that correct?
- 17 A That's my understanding.
- 18 Q And if it was used for clearing right-of-
- 19 way, would that have been done by Kenneth
- 20 Lay?
- 21 A I would assume contractors would run that
- 22 bulldozer. I don't know that. I don't know of any
- 23 Cumberland Valley employees that we have to--that
- 24 works on right-of-way.
- 25 Q Alright. Mr. Tolliver, we've been

1 provided with some documents and I'd like  
2 to show you one that was previously  
3 admitted as an exhibit. This was  
4 Attorney General No. 1, and I'd just like  
5 to show this to you and ask if you can  
6 identify that.

7 A Yes, sir, that is a screen print from an invoice  
8 validation inquiry screen off of our accounting  
9 system.

10 Q Okay, do you believe that this copy that  
11 is there in front of you marked as AG No.  
12 1 is--that it's true and fairly and  
13 accurately represents the original record  
14 on file at CVE?

15 A I would assume so.

16 Q And do you have any reason to doubt its  
17 veracity or accuracy?

18 A No, sir.

19 Q To your knowledge has that document been altered in  
20 any manner?

21 A Doesn't appear to be.

22 Q Okay, alright. Do you know--and this  
23 document shows, of course, up at the top  
24 the name Ronnie Corey, is that correct?

25 A That is correct.

- 1 Q Do you know who Ronnie Corey is?
- 2 A Yes, sir.
- 3 Q Is he a friend of Ted Hampton's?
- 4 A I would assume so.
- 5 Q Okay. Is Mr. Corey in any way related to
- 6 any current or former CVE employees?
- 7 A Ronnie Corey's wife, Brenda I think, is related to
- 8 Mark Abner. Ronnie's son worked at Cumberland
- 9 Valley for a brief period of time.
- 10 Q Do you know if Ronnie Corey is related to
- 11 any CVE director?
- 12 A He has been in the past. I don't know that he's
- 13 related to any current directors.
- 14 Q Okay. Do you know what that relation was with that
- 15 in the past?
- 16 A Yes, sir, his father served on the board there at
- 17 Cumberland Valley for many years.
- 18 Q Do you know what his name was?
- 19 A Harry Corey.
- 20 Q Harry Corey, okay.
- 21 REPORTER: I'm sorry, what was the first
- 22 name?
- 23 A Harry. Maybe John Harry Corey.
- 24 Q And does Mr. Corey own a business?
- 25 A You mean Ronnie Corey or Harry Corey?

1 Q I'm sorry, Ronnie.

2 A Yes, sir, Five-C Construction.

3 Q And does Five-C do any business with CVE?

4 A Yes, sir.

5 Q Do you know what kind of business?

6 A They construct power lines.

7 Q Now, when you talk about constructing,

8 what basically does that do, does that

9 have setting the pole in, laying the

10 line?

11 A Yes, sir, that's what I would assume, they would

12 gather materials and if we had a job to do go out

13 and actually construct power line.

14 Q Okay. And do you know who sold the

15 bulldozer to CVE?

16 A Ronnie Corey.

17 Q Okay. And does this document--I don't

18 know whether this document--tell me what-

19 -I'll ask you to look at the document and

20 do you know whether that document shows

21 the purchase price of the bulldozer?

22 A This shows a--it shows the vendor as being Ronnie

23 Corey. It shows that we paid sixty thousand

24 dollars for a long track dozer.

25 Q Okay.

1 A And we also paid it looks like forty thousand  
2 dollars for a truck and a bucket, and five thousand  
3 dollars for a trailer, and twenty-one thousand  
4 dollars for materials, which I would assume would  
5 be tools and that type thing.

6 Q Okay, alright. Can we have a copy of  
7 this admitted as another exhibit to this  
8 depo?

9 MR. HOWARD: You've already admitted it  
10 in the first deposition.

11 MR. HAUSER: You can just make reference  
12 to it as...

13 MR. HOWARD: Yeah.

14 Q And we'll just refer to it, yeah.

15 MR. HAUSER: ...exhibit to the first.

16 MR. HOWARD: Yeah, I think that's the  
17 easiest way to try to minimize the paper  
18 shuffle.

19 Q Yeah, that's fine. Do you have any  
20 knowledge regarding billing arrangements  
21 for the occasions when contractors would  
22 use the bulldozer?

23 A I do not.

24 Q Would you have any knowledge regarding  
25 the identity of the accountant for Five-C

1 Construction?

2 A I don't know who actually does his accounting, I  
3 know who submits the bills to Cumberland Valley  
4 Electric.

5 Q Okay, who does submit the bills?

6 A Wayne Bryant normally submits the bills.

7 Q Okay, and so Wayne Bryant somehow on  
8 behalf of Five-C submits bills to  
9 Cumberland Valley?

10 A That's correct.

11 Q Did Wayne Bryant ever perform any work on  
12 behalf of CVE?

13 A Yes, sir, he was employed for 30 years at  
14 Cumberland Valley Electric.

15 Q In what capacity?

16 A Accounting supervisor.

17 Q Okay. Did Mr. Bryant also handle any of  
18 the details regarding CVE contributions  
19 toward Ted Hampton's retirement fund?

20 A He managed everything to do with benefits when he  
21 was there.

22 Q Okay. Are you familiar with an  
23 individual named John Rex Hampton?

24 A Yes, sir.

25 Q Is he related to Ted Hampton?

1 A It's my understanding he's his brother.  
2 Q Is--I'm going to call him J.R. Hampton.  
3 Is J.R. Hampton married?  
4 A Yes, sir.  
5 Q And what is his wife's name?  
6 A Karen.  
7 Q Does Karen work at CVE?  
8 A Yes, sir.  
9 Q In what capacity?  
10 A She's assistant bookkeeper.  
11 Q Alright. Does J. R. Hampton now or has  
12 he at anytime ever worked for CVE?  
13 A Not to my knowledge. I do not know that.  
14 Q Alright. Do you know whether J. R.  
15 Hampton has ever worked on any CVE  
16 vehicles?  
17 A We have got billings to that effect.  
18 Q From Mr. Hampton, from John Rex Hampton?  
19 A That's not the name that was on the billings.  
20 Q Okay, what was the name on the billings?  
21 A I think it was SECC. I do not know what that  
22 stands for.  
23 Q Okay. Did CVE employ the services of a  
24 full-time mechanic to work on its  
25 vehicles?

- 1 A We had a contractor, Bogey McCuen, who was a  
2 contractor for many years until he became an  
3 employee.
- 4 Q Okay. And we had discussed Karen Hampton  
5 previously, and what capacity did you say she  
6 works?
- 7 A Her title is assistant bookkeeper. She performs a  
8 lot of the accounting functions, payroll functions,  
9 accounts payable functions.
- 10 Q In that capacity does she have the  
11 ability and occasion to execute financial  
12 documents such as payments to vendors?
- 13 A She keys the accounts payable into the system,  
14 brings off checks.
- 15 Q Do you know whether J. R. Hampton and  
16 Karen Hampton were involved with an  
17 entity known as SECC?
- 18 A I can just tell you what transpired with those  
19 documents that came through the office. As to the  
20 entity SECC I--like I say, I don't know what that  
21 stands for.
- 22 Q Okay.
- 23 A So I'm not sure who had any ownership or dealings  
24 with something called SECC.
- 25 Q You said you could explain what happened,

1 so could you go ahead and explain?  
2 A I could. What I saw with those documents, Elbert  
3 Hampton would bring in a piece of white notebook  
4 paper similar to what you have there in front of  
5 you with I guess work that had been done on  
6 vehicles, and he would give that to Karen. She  
7 would type that up on a typewriter, just a plain  
8 white piece of paper and then submit that to the  
9 accounting department for payment on those SECC  
10 invoices.  
11 Q Okay. So it was Elbert Hampton who would  
12 present these documents to Karen Hampton,  
13 is that correct?  
14 A Yes, sir, I saw that happen on many--several  
15 occasions.  
16 Q Okay. And do you have any nature of  
17 services that SECC provided to CVE?  
18 A I can tell you what I recall seeing on those  
19 papers, things like changed oil on truck No. 22,  
20 for example, or worked on a radio, just little  
21 descriptions like that.  
22 Q Okay, alright. We were provided with a  
23 copy of a document that I'd like to show  
24 you and ask if you can identify it. This  
25 was marked previously as Attorney General

1 No. 2 and I'll show it to you and ask if  
2 you can identify it.

3 A That's also a screen print from an invoice  
4 validation inquiry showing a vendor name of SECC  
5 and detailing basically accounts payable made to  
6 that vendor.

7 Q Do you believe that that copy is true and  
8 that it fairly and accurately represents  
9 the original record on file at CVE?

10 A Yes, sir, it looks just like a screen print.

11 Q Okay. Do you have any reason to doubt its  
12 veracity or accuracy?

13 A No, sir.

14 Q To the best of your knowledge has that  
15 document been altered in any manner?

16 A Does not appear to be.

17 Q And subject to my mathematics being  
18 correct, does that document then show  
19 approximately \$9,547.00 in CVE payments  
20 to SECC?

21 MR. HAUSER: Note my objection, not to  
22 that question but to generally he's  
23 testify--he's testifying as this is a  
24 document he said is a screen print. It  
25 is not a document, there's another

1 document I'm assuming that is the  
2 original. To that extent just note it.  
3 Q Okay. You can go ahead and answer it.  
4 A It appears to be a little more than nine thousand.  
5 Q Okay, alright. And let me just make sure  
6 I put these back in order so we don't  
7 lose those. Do you have any knowledge  
8 regarding any address that was listed for  
9 SECC?  
10 A That was a topic that came up in our office during  
11 the time that was happening. Initially there was  
12 no address at all on the accounts payable address  
13 file. Then I think Robert Prevatte may have  
14 mentioned something about that not looking  
15 appropriate or something and then I think a P. O.  
16 box was placed on that address.  
17 Q Okay, so a P. O. box at some point later  
18 in time was added, and to what was it  
19 added? Was it to the computer...  
20 A Yes, sir.  
21 Q ...system?  
22 A Yes, sir.  
23 Q Okay. Tell me a little bit about this  
24 computer system. Would this be the  
25 system that kept track of the books, the

1 payments and that kind of thing?  
2 A It would be. That file there is just a vendor file  
3 that would have name, address.  
4 Q Okay, so...  
5 A Of where you submit with your payments to.  
6 Q Vendors meaning any kind of contractors,  
7 anybody who did any business with CVE?  
8 A All vendors, yes, sir.  
9 Q That was kept track on the computer  
10 system?  
11 A That is correct.  
12 Q And do you have any knowledge about to whom that P.  
13 O. box belonged that was later came to be  
14 identified with SECC?  
15 A I assumed it belonged to Karen and John Rex  
16 Hampton.  
17 Q Was there anything that caused you to  
18 make that assumption?  
19 A Yeah, we--I saw that P. O. box before, so.  
20 Q And so you saw that P. O. box before and in what  
21 capacity?  
22 A Maybe a payroll records or that type thing or  
23 something.  
24 Q So was it the same P. O. box that Karen  
25 Hampton has used previously, is that what

1                   you're saying?

2    A               That's my understanding, yeah.

3    Q               Do you have any knowledge of whether anybody ever

4                   witnessed a CVE employee or officer ever picking up

5                   SECC's mail at that P. O. box?

6    A               I do not.

7    Q               I want to show you another document.

8                   This was previously entered as Exhibit

9                   No. 3. I just want to show that to you

10                  and see if you can identify that.

11   A               Yes, sir, that's a Cumberland Valley accounts

12                  payable check.

13   Q               Okay, and to whom is it made payable?

14   A               SECC.

15   Q               Okay, and who signed the check?

16   A               It's signed by Wayne Bryant and Robert Prevatte.

17   Q               Would it be the normal course of their

18                  responsibilities to sign such a check?

19   A               It would.

20   Q               And what is the amount of that check?

21   A               Two thousand five hundred and ten dollars and

22                  forty-five cents (\$2,510.45).

23   Q               And there on page two to what you just

24                  turned, on the back what does it say?

25   A               It says SECC.

1 Q            Alright, thank you. Do you have any  
2                knowledge regarding an entity known as  
3                Southeast Petroleum, Inc.?  
4 A            Yes, sir, I've saw the name before.  
5 Q            Okay. Do you have any knowledge about who runs  
6                that entity?  
7 A            I assume it's owned by Ted Hampton, maybe his  
8                brother; Karen.  
9 Q            Do you have--tell me what kind of facts  
10              you base that assumption on?  
11                        MR. HAUSER: Excuse me, did you say it  
12                        was owned by Ted Hampton? Is that the  
13                        answer?  
14                        MR. COOK: I think he said that he  
15                        assumed that it was owned by...  
16 A            Yeah, I assume it's owned by Ted Hampton.  
17 Q            Or Karen, is that what you said?  
18 A            Karen, Ted, they all had interactions there with  
19                Southeast Transportation.  
20 Q            I'd like to just show you another  
21                document here was entered as...  
22                        MR. HAUSER: The question was about  
23                        Southeast Petroleum. I want to make sure  
24                        we get this right.  
25                        MR. COOK: Sure, go right ahead.

1 MR. HAUSER: You asked about Southeast  
2 Petroleum.  
3 MR. COOK: Petroleum.  
4 MR. HAUSER: And he said he thought Ted  
5 owned it, but and then he said he thought  
6 that Ted owned Southeast Transportation.  
7 So I mean, we're talking two different  
8 things here. Just make sure we get...  
9 MR. HOWARD: If you can clarify  
10 what--yeah, clarify what entity  
11 you're talking about.  
12 Q Yeah, and we're going to go into this in more  
13 detail in the next few questions. There are two  
14 entities I'm going to ask you about, and one is  
15 called Southeast Petroleum.  
16 A Okay.  
17 Q And another one is called Southeast  
18 Transportation.  
19 A Okay.  
20 Q Okay? So I'm going to ask you in turn  
21 about both, and right now I'm just going  
22 to ask about the Petroleum, Southeast  
23 Petroleum.  
24 A Okay.  
25 Q And wondering if you--you said that you assumed

1                   that that was...

2    A                I thought we were talking about Transportation.

3    Q                Okay.

4    A                Southeast Petroleum, I know Ted's brother had  
5                    dealings with that company. He drove a truck in  
6                    there that had that name on the side of it so I  
7                    would assume that...

8    Q                Ted's brother would be who?

9    A                John, John Hampton.

10   Q               John Rex Hampton?

11   A                That's correct.

12   Q                Okay. I'd like to show you this exhibit which was  
13                    previously entered as Attorney General No. 4, and  
14                    about midway down through there I think it  
15                    identifies one of the Hamptons that's the  
16                    registered agent, is that correct?

17   A                That's correct.

18   Q                Is that John Rex Hampton?

19   A                That's what it says.

20   Q                Okay.

21                    MR. HAUSER: Generally note my objection  
22                    to this witness's ability to testify  
23                    about the computer print-out from the  
24                    Secretary of State's office.

25   Q                And do you know--do you have any personal

- 1 knowledge about whether J. R. Hampton  
2 was--the extent of his involvement with  
3 Southeast Petroleum?
- 4 A Other than seeing trucks come, maybe when we--I  
5 think in the past we may have purchased fuel from  
6 Southeast Petroleum.
- 7 Q Okay. Do you have any idea how long that  
8 relationship may have been going on about  
9 the purchasing of fuel?
- 10 A I could not give you a time frame on that. I know  
11 it was for a period of time and then it ceased.
- 12 Q Okay. Do you have any knowledge about  
13 whether CVE at a time it purchased fuel  
14 from various vendors, whether they ever  
15 received any bids, whether they ever  
16 placed any bids out?
- 17 A I do not know that.
- 18 Q Have you ever heard of an entity known as  
19 Southeast Petro Mart? And I'm not sure  
20 if that's one word or two.
- 21 A I can't--I can't say for sure, that may have been  
22 the gas station up on 25E in Barbourville. I don't  
23 recall that for sure though.
- 24 Q Do you have any idea as whereabouts on  
25 25E?

1 A It's near the red light at the bridge going toward  
2 the direction of Pineville, there's a small station  
3 there on the right. I can't recall if that was the  
4 exact name of that station or not, but...

5 Q Okay.

6 A ...that's the only thing I can think of that may be  
7 close to that name.

8 Q Did it have like a brand name? Was it  
9 affiliated in any way like with a  
10 national company or...

11 A I remember Conoco being on several things there  
12 that had Southeast Petroleum on it.

13 Q Okay, okay. And now as we discussed, I'm  
14 going to ask you if you know anything  
15 about Southeast Transport.

16 A Again, that's my understanding that Ted had some  
17 ownership in that company.

18 Q Okay. Do you know whether any CVE employees ever  
19 worked on or serviced any Southeast Transportation  
20 trucks?

21 A I know that trucks were on Cumberland Valley  
22 Electric property and I know they were working on  
23 them down there. As to who done what, I do not  
24 know that.

25 Q So you saw, you personally saw Southeast

- 1                   Transportation trucks on CVE property, is  
2                   that correct?
- 3    A               Yes.
- 4    Q               Okay. And do you know about what times  
5                   of day they would be on the property of  
6                   CVE?
- 7    A               All times of day.
- 8    Q               Do you know whether they--people working on the  
9                   Southeast trucks used CVE tools and equipment?
- 10   A               I do not know what they used. I know they were  
11                   there at the garage area. As to whether they  
12                   grabbed tools and used those, I don't have that  
13                   knowledge, I do not know.
- 14   Q               Do you know whether one of the  
15                   individuals who may have worked on the  
16                   Southeast trucks was William McCuen?
- 17   A               He was there a lot. Whether he actually did any  
18                   work on the trucks, again, I--I can't answer that  
19                   question.
- 20   Q               Okay, alright. Do you know of any  
21                   information that would show in other ways  
22                   that Southeast Transportation employees  
23                   were present on CVE property during CVE's  
24                   business hours?
- 25   A               Well, those trucks came in quite often, so I would

1                   assume lots of employees saw them going in and out.  
2    Q               Was there an incident where someone was  
3                   injured?  
4    A               Yes, sir, I do recall that.  
5    Q               Who was that, who was injured?  
6    A               John Rex Hampton was injured.  
7    Q               Okay, and how was he injured?  
8    A               I can tell you what was reported, what was told to  
9                   me.  
10   Q               Okay.  
11   A               The story was that he was under a trailer of a  
12                   truck, I guess doing some work maybe or something,  
13                   and his brother Elbert climbed into the cab to pull  
14                   the truck forward and I guess and ran over part of  
15                   his leg or something.  
16   Q               Do you know--do you know who the truck was owned  
17                   by?  
18   A               I would assume it was one of Southeast  
19                   Transportation's trucks.  
20   Q               Okay. Do you know of any photos or  
21                   evidence that might depict CVE employees  
22                   doing any work on non-CVE owned vehicles?  
23   A               There's a video tape that exists of trucks going in  
24                   and out of the lot. I don't recall seeing any CVE  
25                   employees actually doing any work on a vehicle.

1 Q Okay, so tell me again what the video  
2 shows.  
3 A You can see trucks and you can see people walking  
4 around in the garage area.  
5 Q And do you know who these--are they CVE  
6 trucks or who were they owned by?  
7 A Well, it was a tractor and trailer truck with the  
8 hood pulled down.  
9 Q Well, does CVE own any tractor trailer...  
10 A Not to my knowledge.  
11 Q Okay, alright. And do you know where  
12 this video tape is?  
13 A Yes, sir.  
14 Q Where is it?  
15 A It's on a computer at Cumberland Valley's offices.  
16 Q Okay. And do you know whose computer  
17 this is?  
18 A Yes, sir.  
19 Q Who?  
20 A It's on mine.  
21 Q On your computer. So if we were to ask  
22 you through Mr. Hauser to produce a copy  
23 of this tape, could that be done somehow  
24 on some sort of media, maybe a CD or a  
25 DVD?

1 A I think so.

2 Q Okay, we'd like to see if we can get a  
3 copy of that then.

4 MR. HOWARD: Mr. Hauser, do I need to ask  
5 for a subpoena duces tecum or would you  
6 and your utility company be willing to  
7 provide that to us?

8 MR. HAUSER: You just send me--send us a  
9 letter.

10 MR. HOWARD: I'll send you a letter,  
11 okay. Thank you.

12 Q Mr. Tolliver, do you know who performed bookkeeping  
13 for Southeast Transportation?

14 A I do not.

15 Q And do you have any knowledge of what  
16 sorts of items Southeast Transportation  
17 trucks would transport?

18 A I do not.

19 Q I just wanted to make sure I'm clear. Do  
20 you know whether any Southeast  
21 Transportation employees ever came onto--  
22 came--let me rephrase that. Whether they  
23 ever came into CVE's business offices?

24 A I would assume so. I saw guys come in and get  
25 checks and that type thing from Karen. I would

1 assume they would be employees of that company. I  
2 saw them driving those trucks.

3 Q You saw Karen Hampton giving checks to  
4 Southeast Transportation employees?

5 A I would assume that was a Southeast Transportation  
6 employee, he...

7 MR. HAUSER: Note my objection just--and  
8 it's an ongoing objection and I want it  
9 to relate back if I haven't objected  
10 every time. We've got a lot of testimony  
11 about assumptions, and I--you know,  
12 either you know or you don't know, and I  
13 don't, you know, want the record to be  
14 full of assumptions. This goes back to  
15 Mr. Carroll too. Either you know the  
16 answer or you don't know the answer,  
17 but...

18 MR. HOWARD: We understand the objection,  
19 Mr. Hauser, and what we are getting to is  
20 to the other names of folks that can't  
21 ultimately step forward to avoid the  
22 hearsay. Furthermore, insofar as the  
23 Secretary of State documents, we'll be  
24 able to get administrative notice before  
25 the Commission on that. We're not going

1 to try to explore assumptions because we  
2 understand that we have to get to the  
3 evidentiary basis. So I understand...  
4 MR. HAUSER: Well, I haven't objected  
5 every time. I don't want to belabor this  
6 any longer than we already have.  
7 MR. HOWARD: Thank you for your  
8 indulgence.

9 Q Back to the--you said that--let me make  
10 sure we can clarify this. Okay, did you  
11 actually see Karen Hampton issuing checks  
12 to...

13 A I didn't--I'll tell you what I saw, was John  
14 Partin's son, who is a former employee there at  
15 Cumberland Valley, from what I gather from talking  
16 to the other people he was actually working for  
17 them, maybe driving a truck.

18 Q Them meaning Southeast Transportation?

19 A That is correct. I have saw him come into the  
20 office looking for his check, and he would go to  
21 Karen, and that's what I witnessed, that's all I--  
22 that's all I know about it. As to whether or not  
23 he actually worked for them...

24 Q Okay.

25 A ...I don't know.

1 Q So you yourself actually witnessed John Partin, is  
2 that his name?

3 A That was the employee, I don't recall what his  
4 son's name was, but I recognize him when I see him.

5 Q Oh, okay, so you don't know his--it was  
6 actually John Partin's son who came onto  
7 the--into the office?

8 A I have saw that, yes.

9 Q Okay. And so you don't recall the son's first  
10 name. Do you know how to spell that last name?

11 A P-a-r-t-i-n.

12 Q T-i-n, okay.

13 REPORTER: P-a-r-t-i-n?

14 A I think so.

15 Q And you saw the son of Mr. Partin come  
16 into the office and go to Karen Hampton  
17 and you heard him asking, can I have my  
18 check or something to that effect?

19 A I don't recall if he asked it or she said he came  
20 to get his check or--I don't recall...

21 Q The exact context?

22 A The exact conversation, but that's in just what  
23 transpired to my knowledge and from what I saw, and  
24 what I was told I guess. I don't recall if it was  
25 Karen that mentioned something about it or I heard

1 him say something about it or if one of the ladies  
2 up front said something about it when he came in  
3 and asked to speak to someone. I don't recall  
4 that.

5 Q So you weren't, for instance, right in  
6 the same room, you didn't piece together  
7 all this just from your personal  
8 knowledge, you're saying that through  
9 several other sources you were able to  
10 piece this together that he had come in  
11 looking for his check?

12 A No, I actually witnessed the biggest part of that.  
13 I saw him come in...

14 Q Oh, okay.

15 A ...the front door, I saw him go back to the office.  
16 I don't recall who said what about the check, but  
17 no, there's nobody telling me that.

18 Q Okay, I understand. So about the time that he came  
19 onto the property, was this during CVE's normal  
20 business operating hours?

21 A Yes, sir.

22 Q And had you ever witnessed anything like  
23 that previously, either before or after?  
24 Did you ever witness anybody driving a  
25 non-CVE owned truck coming into the

1 business office looking for anything?

2 A He's the only one that I remember coming in to have  
3 any type of dealings like that inside the office.  
4 There were people down at the warehouse that I  
5 didn't know who they were or what they were there  
6 for. May have been totally unrelated, but he's the  
7 only one I recall coming into Cumberland Valley  
8 offices.

9 Q Okay, alright. And do you know whether  
10 Southeast Transportation ever conducted  
11 any business with CVE?

12 A I don't recall ever paying them anything through  
13 the accounts payable system.

14 Q Okay.

15 A That I can recall.

16 Q Fair enough. And to the best of your  
17 knowledge--okay, you may have answered  
18 this, but let me just ask it anyway. To  
19 the best of your knowledge did CVE ever  
20 make any payments to Southeast  
21 Transportation for any reason?

22 A Not to my knowledge.

23 Q Okay. Do you have any knowledge of an entity  
24 called Knox Auto Parts?

25 A Yes, sir.

1 Q How did you come to know about Knox Auto  
2 Parts?

3 A When I was first employed at Cumberland Valley, one  
4 of my initial responsibilities was paying bills. At  
5 that point in time that would have been probably  
6 1990, '91. We paid a lot of bills to Knox Auto  
7 Parts, so that's how I first became familiar with  
8 that entity.

9 Q Okay. Do you know what kinds of business  
10 CVE conducted with Knox Auto Parts?

11 A We purchased things like batteries, alternators,  
12 boxes of rags, just miscellaneous type items that  
13 you would use on trucks and vehicles and that type  
14 thing.

15 Q Okay. Do you have any knowledge regarding  
16 about how much business in rough dollar  
17 figures was transacted, say on a monthly  
18 basis between the two?

19 A Three to four thousand dollars per month on average  
20 probably, somewhere in that neighborhood.

21 Q And I understand that's just an approximation on  
22 your part.

23 A That is correct.

24 Q Do you know, do you have any knowledge  
25 about whether the amount of business

1                   conducted between the two entities  
2                   fluctuated to a great extent on a month  
3                   by month basis?  
4    A             It stayed about the same most of the time.  
5    Q             I'd like to show you a document that was  
6                   previously entered as Attorney General  
7                   No. 6, and this comes again from a  
8                   Kentucky Secretary--oh, I'm sorry, change  
9                   that to Attorney General No. 5. It comes  
10                  from the Kentucky Secretary of State web  
11                  site again, and I'd like to show that to  
12                  you. And do you see about two-thirds of  
13                  the way down there the name John Rex  
14                  Hampton?  
15   A             Yes, sir.  
16   Q             And is he listed as a director and  
17                  incorporator?  
18   A             Yes, sir.  
19   Q             Alright, I thank you. I think you  
20                  mentioned that Knox purchased things like  
21                  batteries, auto parts, is that correct?  
22   A             That is correct.  
23   Q             Alright. And were these products that  
24                  only Knox Auto Parts could procure or  
25                  they required some sort of special

1 expertise that only Knox possessed?

2 A I would assume not. It was common, common items.

3 Q Did you see, for instance did you see

4 anything that was specialized equipment

5 for use in the utility industry?

6 A I think on occasion we would buy things like

7 conduit, that type of thing for certain types of

8 installations. I'm not sure exactly what we did

9 with it, if it was metering type work or what, that

10 we would buy some conduit on occasion.

11 Q Okay, I understand. And with regard to

12 the products that Knox Auto Parts

13 provided to CVE, do you know whether

14 there was a bidding process?

15 A I do not know that. I don't recall any bidding

16 process.

17 Q You don't recall any bidding process, but

18 you don't know either?

19 A I do not know for a fact.

20 Q Okay, I understand. Do you know anything

21 about an individual named Steve Hampton?

22 A Yes, sir.

23 Q Does he bear any relationship with Ted Hampton?

24 A He is Elbert Hampton's son, and Elbert is Ted's

25 brother.

- 1 Q Okay. Did Steve Hampton ever play any  
2 role in Knox Auto Parts?
- 3 A I think he ran Knox Auto Parts for a period of  
4 time. I don't recall how long.
- 5 Q Okay. Do you know whether Steve Hampton  
6 owned Knox Auto Parts?
- 7 A I do not know how the ownership was set up.
- 8 Q Okay, alright. And do you know for how  
9 long the business relationship between  
10 Knox Auto Parts and CVE lasted?
- 11 A It went on for many years. I would assume at some  
12 point in time they probably divested their interest  
13 in that maybe at that point in time.
- 14 Q Do you know when the relationship ended?
- 15 A I do not know the specific date, no.
- 16 Q Do you know whether there was any event  
17 that caused the relationship to end?
- 18 A I do not know that. I know Steve Hampton became an  
19 employee at Cumberland Valley about that time, but  
20 as to an event that may have caused that to end, I  
21 do not know.
- 22 Q So if I understand you correctly, Steve  
23 Hampton became employed at CVE at about  
24 the same time, roughly the same time that  
25 the relationship between Knox Auto Parts

1 and CVE ended, is that correct?

2 A I think so, shortly thereafter.

3 Q Okay. Do you have any knowledge of where

4 CVE's records regarding its transactions

5 with Knox Auto Parts would be kept?

6 A Any transactions going back probably longer than

7 four or five years would either be in the basement

8 of engineering building or we have a large metal

9 building that we have records stored against one

10 wall. I would assume if they hadn't been discarded

11 in some manner that they would be there.

12 Q Okay. So the layout then of the office

13 is that there's the main office building

14 and it has a basement?

15 A The main building does not have a basement, it has

16 a vault where we keep a certain amount of records,

17 usually going back maybe four to five years.

18 Because of space limitations we have to move those

19 records out, and we did store quite a few of them

20 in the basement of the engineering building, and

21 then that became full and we actually moved a lot

22 down to a metal building down in the warehouse

23 area.

24 Q So sounds like they could be in three

25 places, in the vault in the main office

1 building and in the engineering building  
2 itself in the basement, and then where  
3 was the third place?  
4 A There's a metal building down in the warehouse area  
5 that's...  
6 Q Okay.  
7 A That has boxes stored.  
8 Q Okay, alright. And do you know whether  
9 the records of CVE's transactions between  
10 Knox Auto Parts, whether they still  
11 exist?  
12 A I do not know that.  
13 Q Have you ever heard of any statements to the effect  
14 that these records could easily be destroyed?  
15 A No, I don't recall anybody making any statements  
16 that they could easily be destroyed, but they  
17 probably could be. I know on occasions we've  
18 cleaned stuff out. So it would be easy to destroy  
19 those records if you wanted to, but I don't recall  
20 anyone saying that.  
21 Q Okay, alright. I think you mentioned  
22 previously Elbert Hampton. Did you have  
23 any dealings with Elbert Hampton  
24 yourself?  
25 A He worked at Cumberland Valley for a number of

1 years until he retired. I'm not sure what year he  
2 actually retired in. I started in 1990, so he was  
3 an employee there several years during the time I  
4 was there.

5 Q And if I understand your testimony  
6 correctly, that Elbert is Ted Hampton's  
7 brother?

8 A That's my understanding.

9 Q Do you know, is Elbert also on the board  
10 of directors at CVE?

11 A Yes, sir.

12 Q Do you know who Elbert replaced on the  
13 CVE board?

14 A I think he replaced Roy Ferguson.

15 Q Roy Ferguson. Do you know why that  
16 replacement occurred?

17 A Roy Ferguson I think had a stroke and became unable  
18 to serve in his board capacity, so I would assume  
19 that that's the circumstances that led to needing a  
20 new director.

21 Q Okay. Did Elbert Hampton play any role  
22 in Knox Auto Parts?

23 A Other than his son running the business I'm not  
24 sure what hand he had in managing or running Knox  
25 Auto Parts.

1 Q Okay. So you would not know whether  
2 Elbert was an employee or an officer or a  
3 director?  
4 A I do not know that.  
5 Q Okay, I understand. Do you know whether  
6 Elbert Hampton was ever involved in any  
7 other businesses?  
8 A I don't recall any that I can think of.  
9 Q Okay. I'd like to show you a copy of a  
10 document previously entered as Attorney  
11 General No. 6, and this again comes from  
12 the Kentucky Secretary of State web site.  
13 It's publicly available. Do you see  
14 about halfway down there who the  
15 president was identified as?  
16 A Yes, sir.  
17 Q Elbert Hampton, is that correct?  
18 A That is correct.  
19 Q To your--I mean, would you have any  
20 reason to believe that that is not the  
21 Elbert Hampton that once worked with CVE?  
22 A No reason not to believe, no, sir.  
23 Q Okay, we had discussed that Elbert--is  
24 Elbert still a member of the board of  
25 directors?

- 1 A Yes, sir.
- 2 Q And that he once was also an employee of  
3 Cumberland Valley, is that correct?
- 4 A That is correct.
- 5 Q Do you know whether there was ever any  
6 overlap between the two? At the same  
7 time that he was an employee was he also  
8 on the board?
- 9 A He came in and filled in for Jay Hampton I think  
10 when he was a board of director, maybe for a week  
11 when Jay was on vacation, and he actually received  
12 pay for that I think, if I recall.
- 13 Q Okay, so this time that he filled in for  
14 Jay Hampton, was this when Jay Hampton  
15 was on the board of directors?
- 16 A Jay was an employee at Cumberland Valley Electric.
- 17 Q Oh, I see. Okay, I'm sorry, I just  
18 wanted to make sure. So at the time when  
19 Elbert was a member of the board of  
20 directors of CVE he filled in as an  
21 employee of CVE while Jay Hampton was  
22 away temporarily, is that correct?
- 23 A That would be...
- 24 Q Am I understanding correct?
- 25 A That would be a fair statement.

1 Q Okay. Do you know whether CVE rules  
2 allow for this type of activity?  
3 A I do not know.  
4 Q Okay, alright, fair enough. Do you have any  
5 knowledge of Elbert Hampton receiving payments from  
6 CVE for construction work he performed?  
7 A No, sir.  
8 Q Have you ever witnessed or otherwise  
9 learned of Elbert Hampton filling his  
10 personal vehicle with CVE gasoline?  
11 A No, sir.  
12 Q Okay. Have you ever seen Elbert Hampton  
13 leaving the CVE warehouse with his arms  
14 full of materials and placing them into  
15 his personal vehicle?  
16 A No, sir.  
17 Q Have you ever heard of an entity named  
18 Hubbs Creek?  
19 A I may recall the name, but I don't have--I don't  
20 know anything about Hubbs Creek.  
21 Q Do you have any idea whether that entity  
22 might do any business with CVE?  
23 A I could not say for sure about that.  
24 Q Are you aware of an entity known as Air  
25 Gas?

- 1 A No, sir.
- 2 Q Okay. You've never heard of that  
3 business?
- 4 A I may have heard the term, but I don't know  
5 anything about Air Gas.
- 6 Q Okay. So you've never heard of a  
7 business called Air Gas?
- 8 A No, sir.
- 9 Q Okay, alright. Do you have any  
10 knowledge regarding work that CVE  
11 conducted that may have been unnecessary?
- 12 A I just know the general conversation among  
13 employees over the years as to the construction  
14 work we may have been doing and whether or not they  
15 thought it was actually needed or not. I do not  
16 have a personal--I don't go out into the field, so  
17 I don't get to see what's actually being done.
- 18 Q So you base that on conversation you've  
19 heard among other employees?
- 20 A Yes, sir.
- 21 Q Was there ever any kind of general  
22 consensus about whether some of the work  
23 that CVE did was unnecessary?
- 24 A I think so.
- 25 Q And what was that general consensus?

1 A Well, just from talking to engineers and staking  
2 guys, we were always concerned about keeping  
3 everyone busy as far as contractors and finding  
4 things for them to do. So just in general  
5 conversation with engineers and staking guys, they  
6 seemed to have to try to find--find the work to  
7 keep those guys busy, so just from that general  
8 mention, those general terms you would think that  
9 there was probably some work being done that maybe  
10 we didn't have to do, work that could be put off  
11 into the future sometime.

12 Q Okay. Do you have any idea of what kind  
13 of work this might have involved?

14 A I would assume construction of power lines and that  
15 type thing.

16 Q You say you assume. Do you have any  
17 facts to base that assumption on?

18 A I can just tell you what I've been showed and what  
19 I've been told. I don't have any personal facts.  
20 I know Joe Carroll has drove me out to lines and  
21 showed me three phase power lines that he told me  
22 in his opinion that we did not need and didn't have  
23 to build, but he said also that that was--you don't  
24 know the circumstances on why somebody would do  
25 that or--but he has showed me things like that in

- 1 the past.
- 2 Q Okay.
- 3 A Now, my knowledge does not--I could not tell you if  
4 that line was needed or not because I do not have  
5 the knowledge to back that up, but I assume that he  
6 did.
- 7 Q You do not have the technical expertise,  
8 you're not an engineer?
- 9 A That is correct.
- 10 Q Okay, thank you. Mr. Tolliver, we know  
11 from our written discovery that CVE  
12 obtains at least part of its funding from  
13 RUS loans. Do you have any knowledge  
14 concerning what the proceed from those  
15 loans are spent on?
- 16 A Those proceeds would be spent on power line  
17 construction and just the general operating of  
18 Cumberland Valley's business.
- 19 Q Okay, I understand. And in the course of  
20 building--in the course of power line  
21 construction would that also involve  
22 right-of-way clearing?
- 23 A Yes, sir.
- 24 Q And is it--is my understanding correct  
25 that all of CVE's right-of-way clearing

1 and maintenance was performed by Ken  
2 Lay's company?  
3 A That is correct.  
4 Q Okay. Do you have any knowledge  
5 regarding a power line that was run to a  
6 cabin off of Red Bird Road?  
7 A I do not.  
8 Q If I mention the name J. B. Johnson, does  
9 that mean anything to you?  
10 A Yes.  
11 Q What does it mean to you?  
12 A J. B. Johnson used to be our Cumberland Valley's  
13 attorney I think before Pat Hauser.  
14 Q Okay.  
15 A And I've met him on several occasions and...  
16 Q Do you know whether CVE ever performed  
17 any work on--running any lines to any  
18 property that he may have owned?  
19 A I do not know that.  
20 Q Okay. Do you know anything about the  
21 laying of a power line to a school under  
22 the Whitley County School System?  
23 A No, sir.  
24 Q In the course of your employment with CVE  
25 have you ever learned of any power lines

1                   being laid in which part of the work  
2                   should have been charged to a customer?  
3    A               I'm not personally aware of that.  
4    Q               When you say you're not personally aware,  
5                   have you heard from other people?  
6    A               There may have been comments made over the years  
7                   about different little things like that, but I have  
8                   no personal knowledge of it.  
9    Q               Okay, alright. Have you ever attended a CVE annual  
10                   meeting and board of directors election?  
11   A               I have.  
12   Q               Okay. Do you have any knowledge  
13                   regarding how an individual comes to be  
14                   on the CVE board of directors?  
15   A               I would assume they would have to be nominated.  
16   Q               Who does the nominating?  
17   A               It would be a nominating committee.  
18   Q               Okay. Is there also an election?  
19   A               We've never had an election. We use proxies, it's  
20                   what we have used in the past. I guess...  
21   Q               Whose proxies were they?  
22   A               Well, it's a piece of paper which I guess the  
23                   member declares that if he signs this piece of  
24                   paper that counts as his vote. I don't know much  
25                   about the process or how it has worked in the past,

1 but I know someone would get nominated and the next  
2 thing you know they would be on the board, so I'm  
3 not sure how that process normally transpired.  
4 Q Okay. So if I understand correctly, the  
5 proxies of CVE members is what  
6 determines--in the election what  
7 determines who's going to be on the  
8 board?  
9 A That's my understanding.  
10 Q Okay. At the annual meetings that you  
11 attended, did you ever hear any  
12 announcements being made to CVE members  
13 that it was time for the election of  
14 board of directors members?  
15 A I don't recall ever hearing that, no.  
16 Q At the annual meetings are there any ballot boxes  
17 made available to accept votes?  
18 A I don't recall that, but I don't know for sure.  
19 Q I understand that, appreciate your  
20 willingness to explain the extent of your  
21 knowledge. Do you have any knowledge  
22 about the keeping of CVE corporate  
23 minutes?  
24 A Just from the standpoint of what I witnessed there  
25 and I've been to a few board meetings, and of

1 course, my father served on that board for many  
2 years.

3 Q Yes.

4 A From that standpoint I can tell you what I know.

5 Q Go ahead and explain what you know about  
6 the process.

7 A The manager would normally write down the minutes  
8 during the board meeting.

9 Q The manager being who?

10 A Ted Hampton.

11 Q Okay.

12 A And then maybe the next day he would sit down with  
13 his secretary and those would get typed up in  
14 written format.

15 Q Do you know whether there was a corporate  
16 secretary who attended the meetings also?

17 A Not to my knowledge. I'm sure one of the board  
18 members was the secretary, but I don't recall  
19 anyone else ever taking down any notes or anything  
20 like that.

21 Q Okay. Do you know have any recollection  
22 of CVE truck No. 61?

23 A No, sir.

24 Q Are you aware of a time when CVE may have  
25 sold a truck to someone outside the

1 company?

2 A I don't recall anything about truck No. 61. We  
3 have sold several trucks over the years to  
4 different people.

5 Q Okay. Are you aware of a time when a  
6 truck may have been involved in an  
7 accident and just prior to the time it  
8 was involved in an accident a new engine  
9 was installed?

10 A No, sir.

11 Q Have you ever seen any former CVE trucks  
12 on CVE property after they were sold to  
13 somebody else?

14 A I don't recall.

15 Q Okay. Do you have any knowledge  
16 concerning the company adding money to  
17 work projects?

18 A Can you explain what you mean by adding money?

19 Q You had testified earlier that you had heard from  
20 other people in the field that engineers and  
21 staking people that they were under pressure to add  
22 money to projects, is that correct?

23 A That is correct.

24 Q Do you have any personal knowledge of whether the  
25 company inflated the costs of construction

1 projections?

2 A I don't know of any way that we inflated the costs  
3 of construction projects, other than the fact of  
4 the question of whether they needed to be done or  
5 not. I don't know of any way that we--that I  
6 recall us inflating costs or anything like that.

7 Q Okay. Are there other relatives of Ted  
8 Hampton's who either currently are or  
9 ever have worked for CVE?

10 a Yes, sir.

11 Q Could you say who they are?

12 A I can try.

13 Q Okay.

14 A You've got Karen Hampton, that's Ted's sister-in-  
15 law; Steve Hampton, which I guess Ted's his uncle;  
16 Jay Hampton, it's Ted's first cousin.

17 Q Okay. And Elbert?

18 A Elbert Hampton is a member of the board of  
19 directors.

20 Q We discussed John Rex, and you don't believe he's  
21 ever been employed by CVE, is that...

22 A Not to my knowledge. I don't know that for a fact  
23 though.

24 Q Okay. Any other Hamptons you can think  
25 of?

- 1 A There's been a few part-time people over the years.  
2 I don't recall all the names, but there's been  
3 probably two or three that I can think of.
- 4 Q During the course of your employment with  
5 CVE did anyone ever ask you to do  
6 anything that you questioned or gave you  
7 cause for concern?
- 8 A I was never directly asked to do anything that I  
9 did not want to do. Things such as that check that  
10 you presented to me earlier with SECC, that did  
11 come across my desk and I did not want to sign my  
12 name on that check because it did not look like a  
13 normal piece--like a normal invoice would look, and  
14 I think Wayne Bryant actually approved that  
15 payment, but during that period of time I was  
16 probably paying the majority of the bills, but...
- 17 Q Okay, so...
- 18 A But I've never been asked to do anything that I--  
19 you know.
- 20 Q Let me just make sure I understand correctly. You  
21 said with regards to this check, are you referring  
22 to Attorney General Exhibit No. 3, is that the  
23 check you were referencing?
- 24 A Yes, sir.
- 25 Q Okay, and you're saying that that check

1                   came across your desk for payment, is  
2                   that correct?  
3    A               The invoice, which was a plain white piece of  
4                   paper.  
5    Q               The invoice for it?  
6    A               With some descriptions typed on it and just a--just  
7                   the words that said total and amount.  
8    Q               So just the total and amount, it didn't  
9                   say the nature of the work on the  
10                   invoice?  
11   A               It had descriptions like worked on radio,  
12                   changed...  
13   Q               Oh, okay.  
14   A               ...oil, that type thing.  
15   Q               Okay. So during the normal course of  
16                   your business duties there at CVE, did  
17                   you ever--was it your responsibility to  
18                   sign off on checks of this nature?  
19   A               Yes, sir, it was--like I said, I paid a lot of the  
20                   accounts payable invoices as well as Wayne Bryant.  
21                   That's just one particular one that I just passed  
22                   on to him.  
23   Q               And tell me why you passed it on.  
24   A               It just didn't look right. It...  
25   Q               By right, you mean it did not look

1                   appropriate?

2    A               Well, a normal invoice it's usually pre-printed.

3                   This was on a white piece of plain typing paper.

4    Q               Did it have the name of the vendor on it?

5    A               It had SECC at the top.

6    Q               Okay.

7    a               So I just--I didn't know if anything would ever

8                   come of it in the future, but I just didn't want

9                   to--I just didn't want to put my initials on there.

10   Q               Was the invoice signed by anybody, or did

11                   it have anybody's name on it, an

12                   individual name?

13   A               I don't think so.

14   Q               Can you think of anything else during the

15                   course of your employment at CVE where

16                   anybody asked you to do something that

17                   gave you cause for concern?

18   A               No, sir.

19   Q               Have you ever heard of CVE being referred

20                   to as Hampton Valley?

21   A               Yes, sir.

22   Q               In what context?

23   A               Just general talk amongst employees.

24   Q               Is there any other concern you would like

25                   to share with us?

1 A No, sir.

2 Q I think you said earlier you have reason  
3 to fear losing your job?

4 A Well, it's just an uncomfortable situation to have  
5 to come and answer questions of this nature with  
6 your boss looking at you I suppose, so that makes  
7 anyone apprehensive.

8 Q And you're referring to the fact that Ted  
9 Hampton, at least during part of this  
10 deposition, was in the room here?

11 A That is correct.

12 Q And did you feel uncomfortable with him  
13 being here?

14 A More so than I do now, yes, sir.

15 Q And now he is not here?

16 A That is correct.

17 Q Do you have any other documents you would  
18 like to bring to our attention?

19 A No, sir, I don't have any.

20 MR. COOK: Okay. That's all the  
21 questions I have at this time.

22 CROSS EXAMINATION BY MR. HAUSER:

23 Q Robbie, let me ask you this. Mr. Hampton did have  
24 to leave to go to a funeral. Would there be  
25 anything in any of the questions asked by counsel

1 prior to Mr. Hampton leaving that you would like to  
2 change now that he's not here? Would you answer  
3 them any differently?  
4 A No, sir.  
5 Q Thank you. Now, you say you have been  
6 employed since 19 what, '90?  
7 A That is correct.  
8 Q Was this your first job out of college?  
9 A Pretty much, first substantial job out of college.  
10 Q What did you do before that?  
11 A I worked down in Florida at a golf store, just  
12 miscellaneous jobs like that.  
13 Q So you want to say this is your first  
14 real job after college?  
15 A I would say that, yes, sir.  
16 Q Are you a CPA?  
17 A No, sir.  
18 Q You've got a degree in accounting?  
19 A My degree's in business administration.  
20 Q Okay. Is it true that the employees,  
21 including yourself, of Cumberland Valley  
22 Electric take great pride in the fact  
23 that they--that it has been able to  
24 maintain its rates at a low level for a  
25 long time?

- 1 A Yes, sir.
- 2 Q Do you in fact, have you even bragged  
3 about that, going to meetings throughout  
4 the state and the country about the low  
5 rates that Cumberland Valley Electric  
6 has?
- 7 A I'm not one to brag, but that would be mentioned,  
8 yes, sir.
- 9 Q As part of your position now do you take  
10 part in some of the decisions in the  
11 office there at Cumberland Valley  
12 Electric?
- 13 A Robert Pravette, who was our previous office  
14 manager, who is probably still an active employee,  
15 I guess he's on vacation and that type thing until  
16 he gets his time in, he's been gone about a month,  
17 and I assumed his responsibilities.
- 18 Q So the answer to the question would be  
19 yes you do?
- 20 A Yes, sir.
- 21 Q Prior to that did you--did anybody consult with you  
22 about any decisions or...
- 23 A What type of decisions?
- 24 Q Just office decisions, just things that go on in  
25 the office, just routine...

1 A Maybe if we needed to purchase a certain computer  
2 or need a processor machine we would talk about  
3 that, Wayne Bryant, Robert Pravette and myself.  
4 Anytime there was something like that going on or a  
5 new computer system, we had to make a transition or  
6 something, we would all discuss things like that.

7 Q I think you've already testified to, but  
8 I just wanted to follow up with it. The  
9 entire time that you worked at Cumberland  
10 Valley Electric from 1990 until the  
11 present, you've never been asked to do  
12 anything you felt was improper or  
13 illegal, have you?

14 A I have not been asked to do anything personally,  
15 no, sir.

16 Q Do you know of anybody else that's been  
17 asked to do anything improper or illegal?

18 A As regard to Joe Carroll, I know he worked very  
19 hard on a work plan there for many years. I think  
20 Ted wanted some things in that work plan that Joe  
21 did not feel comfortable with. Now, whether or not  
22 he was asked to put them in there and he turned him  
23 down, I'm not sure what the details of that  
24 conversation were, but that's--that's one thing  
25 that comes to mind as far as being asked to do

1 something that you may not want to do.  
2 Q Other than that, anybody else? Joe's  
3 already testified about that. To your  
4 knowledge anyone else?  
5 A You'll have to ask them that. I--I do not know if  
6 they...  
7 Q I'm just asking if you know.  
8 A I do not know.  
9 Q Alright. So the answer's no, you don't  
10 know...  
11 A That's correct.  
12 Q Shelton Construction Company, you ever heard of  
13 Shelton Construction Company?  
14 A Yes, sir.  
15 Q What do they do?  
16 A They do power line construction.  
17 Q Do they do work for Cumberland Valley  
18 Electric?  
19 A Yes, sir.  
20 Q Do you know if that's part of the bid process too,  
21 do you know how that works?  
22 A I don't know the details of the bid process. I  
23 know that on occasion when those bids would come  
24 due, I don't know how they obtained the bids, Ted  
25 would call Wayne Bryant back to his office and they

1                   would develop a list, and I know that the manager's  
2                   secretary would type it up. That's about my extent  
3                   of knowledge as far as how the bid process took  
4                   place.

5    Q               You--there's an exhibit here, I believe  
6                   it is 1 to the--Exhibit 1 about check--  
7                   summary of the four--what has a summary  
8                   of four checks written to Ronnie Corey.

9    A               Yes, sir.

10   Q               Most of the testimony dealt with the  
11                   bulldozer or long track dozer and a--a  
12                   long track dozer I think most of the  
13                   testimony dealt with. To your knowledge  
14                   did that have a bush-hog on it? I think  
15                   you testified to that.

16   A               There was one on it, or there was one attached to  
17                   it.

18   Q               Was it--to your knowledge was that used  
19                   in the right-of-way?

20   A               I have no idea. I really do not know.

21   Q               Okay, I thought maybe you testified that it had  
22                   been used, but you don't know whether it was used  
23                   or not?

24   A               I don't know what we used it for, if we used it for  
25                   construction or if we used it for right-of-way. I

1                    would assume since it had a bush-hog attached to  
2                    it, you would use it for right-of-way.

3    Q                Did you see it leave the yard to go to be  
4                    worked--used, to be used in the...

5    Q                I know it was there quite often. It sat there for  
6                    many, many months. We would pass it every day  
7                    going to lunch, and then sometimes it would be  
8                    gone, but it was--it was probably there more than  
9                    it was gone.

10   Q                So it was used, I mean off the yard some?

11   A                It was.

12   Q                So if someone said it never left the  
13                    yard, that wouldn't be accurate, would  
14                    it?

15   A                It was gone some, but the majority of the time it  
16                    was on the lot.

17   Q                There's also mention of some items that  
18                    were--and you paid payables from Knox  
19                    Auto Parts, is that correct?

20   A                Pardon?

21   Q                You also mentioned that there--you gave testimony  
22                    earlier that Cumberland Valley Electric bought  
23                    items, batteries I believe, alternators, auto  
24                    parts, miscellaneous equipment from Knox Auto  
25                    Parts?

1 A That's correct.

2 Q And then you paid some of the--paid some  
3 of the bills?

4 A Yes, sir.

5 Q Averaged around three to four thousand  
6 dollars a month or something like that.  
7 Do you have any personal knowledge of any  
8 equipment or items on there that were  
9 wrong priced, high, something that's out  
10 of line or not or...

11 A I just know the number of items we bought, there  
12 was kind of an inside joke on the number of boxes  
13 of rags that we bought. We bought many, many boxes  
14 of rags, and that's something that a lot of the  
15 employees kind of thought was strange as to what we  
16 would do with so many rags, but--and then there was  
17 one incident that Joe Carroll reported to me that  
18 he saw.

19 Q Did you ever pay any bills that you felt were  
20 improper to Knox Auto?

21 A Well, all the bills I would--again, that's the time  
22 I first started at Cumberland Valley, and we bought  
23 many boxes of rags and we seemed to buy the same  
24 items over and over, and I would inquire to Wayne  
25 Bryant as to what we done with those and why we

1 purchased the same items and why we had so many  
2 boxes of rags and that type of thing, and he--he  
3 didn't have an explanation for it. That's the only  
4 thing that was out of the ordinary I suppose.

5 Q You mentioned something about the board  
6 minutes, this kind of thing, secretary of  
7 the board. Now, your father was a member  
8 of that board, was he not?

9 A That is correct.

10 Q You're not stating here today that you  
11 don't think minutes are taken and  
12 approved by the board, are you? Are you  
13 saying that, that there's no minutes  
14 taken of board meetings?

15 A The only thing I said is Ted Hampton would sit in a  
16 board meeting and take notes on a pad similar to  
17 what you have there, and the next day he would sit  
18 down with his secretary and they would type those  
19 minutes into the computer and print them out. I  
20 would assume the board would get those minutes and  
21 approve them.

22 Q Okay, that's...Mr. McCuen, Bogey as he's called I  
23 suppose, do you know what capacity he worked for  
24 Cumberland Valley Electric, in what capacity he  
25 worked for Cumberland Valley Electric?

1 A He was a contractor for many years. He would come  
2 to work every day at 7:30 and stay late, but he was  
3 a contractor, and then at some point in time he  
4 became an employee at Cumberland Valley Electric.

5 Q Do you know how long he contracted for  
6 Cumberland Valley Electric?

7 A I do not know the length of time, but it was a long  
8 time.

9 Q And what was his job while he was a  
10 contract--contract mechanic is what I'm  
11 going to call him, and that may answer  
12 the question, but...

13 A I don't know what all his duties was. He done--he  
14 done pretty much a lot of different things to my  
15 knowledge. He worked on trucks, if a truck broke  
16 down he would go out and work on it. Just pretty  
17 much whatever needed to be done. Whatever he was  
18 told to do I think he pretty much did.

19 Q The video tape you've mentioned, who took  
20 that video tape?

21 A We installed a video security system several years  
22 ago, and it runs continually.

23 Q When was that installed, do you know?

24 A I do not know what year. But it would run  
25 continually. Actually backed up on a DVR. You

1 know, you would see trucks in the lot all during  
2 the day and night. I remember looking back at that  
3 video during one of those periods of times and that  
4 was there, and for whatever reason I saved it, and  
5 we still have it there today.

6 Q You mentioned that, when asked a question  
7 about truck No. 61 you didn't know  
8 anything about that, but you indicated  
9 that trucks were sold. Are those  
10 advertised and sold and people bid on  
11 them, is that how that works?

12 A I think it's advertised some. Yeah, I think we ran  
13 some radio advertisements. We would take bids on  
14 those. I don't know if that's the case in all  
15 trucks or not, I just know--I know we do some that  
16 way.

17 Q But you don't have any personal knowledge  
18 if it's not--if they're not all done that  
19 way you don't...

20 A I do not know that.

21 MR. HAUSER: That's all I have at this  
22 time. I may have a couple more in a  
23 moment.

24 CROSS EXAMINATION BY MS. MITCHELL:

25 Q Mr. Tolliver, would you look at the Attorney

1 General's Exhibit 1 please? When you were--when  
2 you looked at this and reviewed it in your  
3 responses to Mr. Cook's questions about the dozer,  
4 can you explain to us, you said you work in  
5 accounting. Can you explain to us why it says on  
6 the second entry invoice amount is five thousand  
7 dollars, but the check amount was forty-five  
8 thousand dollars?

9 A I think those lines there are just kind of  
10 confusing you a little bit maybe. I think that the  
11 1998 GMC truck and bucket was...

12 Q Well, that was going to be my next  
13 question...

14 A No, I can't explain that. I'd have to take a look  
15 at that and see as to why that is.

16 Q Is that the same for the GMC truck and bucket...

17 A Maybe that's...

18 Q ...that says invoice amount is forty thousand?

19 A Okay, what the forty-five thousand dollars, it was  
20 probably paid on the same invoice, so if you added  
21 the forty and the five thousand you would get a  
22 total of forty-five thousand dollars. That may be  
23 the same. If you notice, that is the same check  
24 number, 22089.

25 Q Okay.

1 A So that's those two invoices totaled.

2 MS. MITCHELL: I see, okay.

3 Thank you. I have no further  
4 questions.

5 REDIRECT EXAMINATION BY MR. HOWARD:

6 Q I have just a few, Mr. Tolliver. Prior to today  
7 did you meet or contact anyone at the Attorney  
8 General's office?

9 A No, sir.

10 Q In regard to AG No. 1 currently before  
11 you, in the normal course of business,  
12 and I think you referred to this as a  
13 screen print, would this accurately track  
14 any invoices that would be--have the  
15 actual hard copy invoice, that this  
16 screen, would that track the invoice?

17 A You could see the invoice number here, the check  
18 number. You would have to actually go back to the  
19 stored documents to find the actual invoice.

20 Q Okay, and in the normal course of business would  
21 you think that this would be accurate?

22 A Can you explain your question?

23 Q Well, would you think this would accurately reflect  
24 the invoice?

25 A Yes, sir.

1 Q Are you familiar with this particular  
2 screen print?  
3 A Yes, sir.  
4 Q So you can attest to its accuracy to the best of  
5 your knowledge?  
6 A Yes, sir.  
7 MR. HAUSER: Noting the same concerning  
8 the original document, this is a screen  
9 print from a computer.  
10 Q Mr. Tolliver, would you have access to the original  
11 invoices so noted on the screen print?  
12 A Yes, sir, if they still exist in our--in our files  
13 they should be there.  
14 MR. HOWARD: If I make a request to the  
15 utility company for that, may I do so  
16 without a subpoena duces tecum?  
17 MR. HAUSER: Add that to your letter.  
18 MR. COOK: If you do that, add the one  
19 for SECC also.  
20 MR. HOWARD: I'll add it to the letter.  
21 MR. COOK: The screen print for SECC  
22 also.  
23 Q In the event that the invoices have been  
24 in fact destroyed, again, you would think  
25 they would track this particular

1 screening print, correct?

2 A That is correct. Every accounts payable invoice is  
3 keyed into the system, and it is kept up with and  
4 should be as accurate as the hard copy.

5 Q Looking at these particular invoices that  
6 are here, in the normal course of  
7 business for the company should these  
8 invoices still exist in their retention  
9 policy for documents to support the  
10 screen print?

11 A I would think so.

12 Q There's been some reference to this video  
13 by Mr. Hauser just a moment ago, and  
14 seems like we talk about it--we talked  
15 about it a few times, and we seem to be  
16 getting a little bit more detail about  
17 that. I think when you first testified  
18 you'd indicated that the hood was up on a  
19 truck, if I recall correctly. I don't  
20 want to put words in your mouth, I'm just  
21 trying to recollect your testimony.

22 A I've not saw that video in--in some time, I don't  
23 remember exactly what you see. I know you see the  
24 manager's brother walking around in the garage area  
25 down there.

1 Q And that would be...

2 A Going back and forth to a location there, but I  
3 don't recall exactly what you see as far as...

4 Q And that brother's name would be?

5 A That was John Hampton.

6 Q When was the last time you checked on the  
7 computer to make sure that that  
8 particular video was still on the  
9 computer, to the best of your  
10 recollection?

11 A I would say maybe a month ago.

12 Q Have you heard of a conversion on the  
13 computers that might take place at CVE?

14 A We will be changing systems sometime in the future,  
15 yes, sir.

16 Q Have any conversions taken place today?

17 A We had a conversion in 1998.

18 Q Have any conversions taken place since  
19 the filing of this rate increase?

20 A No, sir.

21 Q If there is a conversion are hard copies  
22 of the documents stored? The hard--if I  
23 understand correctly, and I'm just trying  
24 to--walk me through this. A conversion  
25 takes place where you go from one

1 computer system to the next...

2 A That would be...

3 Q ...is that correct?

4 A That is correct.

5 Q Are hard copies of the documents from the  
6 first system prior to the conversion, are  
7 those saved?

8 A Hard copies, you're referring to things like  
9 invoices and that type thing?

10 Q That support the entries to data base prior to the  
11 conversion, are hard copies of those documents  
12 saved after the conversion?

13 A I would think so. I do not know that is going to  
14 be a fact, but I wouldn't think we would get rid of  
15 any hard copies on things backing up those numbers.

16 Q So in the normal course of business you  
17 would think they would be retained?

18 A I would think so.

19 Q You mentioned too that at one point in  
20 time Elbert was serving, was actually  
21 serving on the board for Jay Hampton if  
22 I'm correct, but he was also working for  
23 CVE?

24 A He was actually filling in for Jay Hampton, who was  
25 on vacation.

1 Q So he was filling in as a CV employee?

2 A He was--he came down and performed his duties for  
3 like a week while he was absent.

4 Q While he was doing that was he performing  
5 any type of construction work on the side  
6 for CVE?

7 A He was a CVE board member, but I do not know of any  
8 construction that he was--that I'm aware of.

9 Q You've testified about the SEC checks,  
10 and I'm just wanting to make sure I  
11 understand. If I recall correctly, you  
12 said that there were a number of checks,  
13 is that correct?

14 A That is correct.

15 Q Do you remember the approximate number of those  
16 checks?

17 A I do not.

18 Q Do you know for those checks that you saw an  
19 approximate amount for those checks? To best of  
20 your recollection. I'm not asking you to  
21 speculate.

22 A I just know that they occurred over about a three  
23 month period of time, and I think they totaled  
24 around eleven or twelve thousand dollars, was my  
25 recollection.

1 Q When did this occur, as in what period of  
2 time, last year, the year before, do you  
3 recall?  
4 A It's been several years ago. I mean, if we can  
5 look at the check it's probably got a date on it  
6 here. This one is actually dated 12-15-1998,  
7 referring to Exhibit No. 3.  
8 Q Thank you, the AG Exhibit 3?  
9 A That's correct.  
10 Q Thank you.  
11 MR. HAUSER: Exhibit 2 also has other  
12 checks.  
13 MR. HOWARD: Okay. Yeah, these are  
14 hopefully--okay.  
15 MR. HAUSER: Actually '98, they're all  
16 '98.  
17 Q Okay, I'm looking at Exhibit AG1, and  
18 we're looking at what years for this?  
19 Let's just make sure that we're clear for  
20 the record.  
21 MR. HAUSER: AG1's to Corey, AG2's the  
22 one to SECC.  
23 MR. HOWARD: I just wanted to make sure.  
24 SECC was AG2?  
25 MR. COOK: AG2.

1 MR. HOWARD: Okay, there you go. And  
2 then SEC '98, '99, okay, thank you.

3 Q You had indicated that you were familiar through  
4 other sources that there was an injury to John  
5 Hampton's foot when Elbert ran it over?

6 A Yes, sir, I was in the office when the ambulance  
7 came through the lot, I recall that.

8 Q Okay, so you were there and you actually  
9 saw the ambulance come in to assist?

10 A I saw it drive into the warehouse area down there,  
11 and then I don't know what happened after that. I  
12 just saw it go through the lot.

13 Q Okay. Did you--did I hear you reference  
14 that it was an SET truck involved in the  
15 incident?

16 A I would assume so. It was a tractor and trailer,  
17 and from what I understood everyone saying that  
18 Elbert climbed in the cab and pulled it up a little  
19 bit, and it ran over his brother.

20 Q And when you say everyone was saying, who  
21 was everyone?

22 A Just other employees. I mean, that was the word  
23 that came back up when the injury occurred.

24 Q Do you remember the name of...

25 A I remember someone ran up and got Karen and said

1                   there's been a accident down at the warehouse, you  
2                   need to come. I don't recall who that was.

3    Q               Okay. The video, do we know when that  
4                   was taken that shows the truck?

5    A               I do not know the date on that.

6    Q               Okay.

7    A               It would be stamped on the video though I would  
8                   assume.

9    Q               As Mr. Hauser indicated, Mr. Carroll  
10                  testified this morning, and these  
11                  transcripts of course are available  
12                  publicly. Mr. Hauser indicated that Mr.  
13                  Carroll had testified about a particular  
14                  matter. Mr. Carroll had indicated to us  
15                  that you were in the room when a meeting  
16                  took place when Mr. Hampton stated in  
17                  concern to right-of-way contractors some  
18                  reference to that's my Florida money. Do  
19                  you recall any such statement?

20   A               I've heard that statement many times over the years  
21                  in reference to different monies. I don't recall  
22                  that particular incident, but yeah, that--that's a  
23                  common term that we heard there.

24   Q               By whom?

25   A               Mr. Ted Hampton.

1 MR. HOWARD: That's all the questions I  
2 have at this time. Thank you.

3 RE-CROSS EXAMINATION BY MR. HAUSER:

4 Q Do you know what the retention policy is on  
5 documents for Cumberland Valley Electric?

6 A I think we have a policy that says we will go by  
7 RUS and FERK's guidelines.

8 Q And what are those guidelines, to your  
9 knowledge?

10 A I cannot tell you what the details on--there's  
11 different years that you retain certain documents,  
12 depending on what they are. To my knowledge we  
13 have never--we have never sat down with that  
14 document and said okay we need to get rid of this  
15 or we need to get rid of that. I don't think that  
16 we actually gave that very much attention in that  
17 area as far as how long we keep our documents or  
18 when we get rid of them.

19 Q To your knowledge has there been any  
20 documents destroyed that you've had to  
21 look for you couldn't find?

22 A No, sir. I know they've...

23 Q Lost, any of them lost?

24 A Not to my knowledge.

25 Q So finding documents has never been a

1                   problem from your perspective at  
2                   Cumberland Valley Electric?

3    A               Nothing that I had to find, but that's all been,  
4                   you know, fairly recent.

5    Q               Well, since you've been there, have you  
6                   ever heard of anybody that tried to find  
7                   a document or anybody that asked for a  
8                   document that wasn't made available to  
9                   them?

10   A               No, I haven't.

11   Q               And that would be from 1990 until the  
12                   present?

13   A               Yes, sir.

14                               MR. HAUSER: That's all.

15                               MS. MITCHELL: I have no questions.

16    REDIRECT EXAMINATION BY MR. HOWARD:

17    Q               One follow-up. You were getting ready to say  
18                   something and Mr. Hauser asked another question,  
19                   and I'm just wanting to understand. You said  
20                   something fairly recent or nothing fairly recent?

21    A               I don't know of any documents that anyone has ever  
22                   tried to find that we don't have. I know we have  
23                   burned things on occasion in the past. As to what  
24                   was burned I do not know, but that's--that's not  
25                   been recently, and that may have just been to clean

1 out the warehouse or whatever, I don't know what  
2 type of documents was actually burned. I know on  
3 occasion Bogey McCuen would be the one who would  
4 take care of those documents, like destroy them.  
5 They may have been checks or things like that that  
6 needed to be destroyed. I'm not sure what all he  
7 has been instructed to do that way, but it's my  
8 understanding that that has happened in the past.

9 Q And when you say the past, that was years  
10 ago or months ago or weeks ago?

11 A Well, probably since I've been there, but I  
12 don't...

13 Q Okay.

14 A Nothing that I'm aware of here recently that's been  
15 destroyed or...

16 Q Have you seen any documents moved from  
17 one building or location or another in  
18 the recent time, as in...

19 A Not in recent times. Like I said, the only place I  
20 know we store documents is in the vault where we  
21 keep four or five years. We did move quite a few  
22 documents from the basement of the engineering  
23 building down to the warehouse area, and they are  
24 just stored in a very unorganized manner up against  
25 the wall, and they're not in very good shape. I

1 mean, the boxes are mashed and that type of thing,  
2 so they're just kind of piled in there. So that's  
3 the only three locations I'm aware of that we have  
4 documents stored.

5 Q And when did that movement take place?

6 A That's been several years ago as well. I don't  
7 recall the exact year.

8 MR. HOWARD: Okay. That's all the  
9 questions I have. Thank you.

10 MR. HAUSER: No other questions.

11 MR. HOWARD: Thank you, Mr. Tolliver.

12 MR. COOK: We thank you very much for  
13 coming in.

14 (Deposition adjourned at 11:30 a.m.)

15 \* \* \* \* \*

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STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

Virginia Bunch  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF ROBERT TOLLIVER

\*\*\*\*\*

The deposition of ROBERT TOLLIVER was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 9:50 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darwin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 ROBERT TOLLIVER, having been first duly sworn by
2 the undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you state your name and address for the
5 record?
6 A My name is Robert Tolliver. My mailing address is
7 P. O. Box 311, Gray, Kentucky 40734.
8 Q Thank you very much. Mr. Tolliver, my
9 name is Larry Cook. I'm with the
10 Kentucky Attorney General's Office, the
11 Office of Rate Intervention. Seated to
12 my right is Mr. Dennis Howard, also with
13 my office, and also we have Anita
14 Mitchell with the Public Service
15 Commission, and maybe we'd better have
16 those other two individuals introduce
17 themselves, I'm sorry.
18 MS. EDWARDS: I'm Andrea Edwards, and I'm
19 also with the Public Service Commission.
20 MR. RUSSELL: Elie Russell with the
21 Public Service Commission.
22 Q And then I think you know these three individuals?
23 A Yes, sir.
24 Q Mr. Hauser is representing the company
25 today, and of course, we have our court

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

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I N D E X

WITNESS: PAGE:
ROBERT TOLLIVER:
Direct examination by Mr. Cook: 3-67
Cross examination by Mr. Hauser: 67-77
Cross examination by Ms. Mitchell: 77-79
Redirect examination by Mr. Howard: 79-88
Recross examination by Mr. Hauser: 88-89
Redirect examination by Mr. Howard: 89-91
Reporter's Certificate: 92

1 reporter in attendance too. Basically
2 let me just explain, we're conducting
3 this deposition to ask some questions
4 about CVE's business practices. As you
5 probably know, CVE has filed for a rate
6 increase with the Kentucky Public Service
7 Commission, so that's what brings us here
8 today. If you don't understand a
9 question, just speak up and let me know
10 and then I'll try to repeat it or
11 rephrase it so you do understand.
12 Otherwise, we'll just assume that you do
13 understand the question, okay? Also when
14 you're--and when you're giving a
15 deposition, you need to be careful about
16 if you nod your head or shake your head,
17 that doesn't come across for the court
18 reporter. You'll have to say verbally
19 yes or no. It's a little bit different,
20 so. Okay?
21 A Okay.
22 Q Thank you. Now, from time to time in the course of
23 this deposition the various attorneys might assert
24 an objection for the record, and the court reporter
25 will note that, but after the objection is noted,

1 you can go ahead and answer the question.  
 2 A Okay.  
 3 Q Alright. Okay, what that being said, I'm  
 4 going to go ahead and start. Mr.  
 5 Tolliver, do you realize that you're  
 6 under oath today?  
 7 A Yes, sir.  
 8 Q Okay, thank you. Are you taking any  
 9 medications or any other substances that  
 10 might either prevent you from giving  
 11 honest and accurate answers or could  
 12 interfere with your recollection in any  
 13 way?  
 14 A No, sir.  
 15 Q Thank you. Is your presence here today  
 16 in response to a subpoena that was served  
 17 upon you to compel you to provide  
 18 testimony?  
 19 A That is correct.  
 20 Q Okay, thank you. Could you tell us about  
 21 your educational background?  
 22 A I have a degree in business administration from  
 23 Cumberland College. I have taken several classes  
 24 toward an MBA, and just general continued education  
 25 units in the cooperative program.

1 A Well, currently we've had a lot of turnover. Our  
 2 accounting supervisor has retired, our office  
 3 manager has retired, so I assumed the  
 4 responsibilities of accounting and finance and the  
 5 office manager's responsibilities as well as a  
 6 position we call power use advisor. So currently I  
 7 would assume I'm responsible for the office and the  
 8 accounting and finance.  
 9 Q Okay, alright. So technically you are a CVE  
 10 employee, is that correct?  
 11 A That is correct.  
 12 Q Okay. Have you ever performed any work  
 13 for CVE in any other capacity?  
 14 A The only thing I can think of that I've done at  
 15 Cumberland Valley, several years ago we had some  
 16 panic buttons installed that I took part in.  
 17 Q And what are those panic buttons?  
 18 A We had a--we tried to get the local alarm installer  
 19 to put in some panic buttons, and we contacted him  
 20 several times and he--he's a very busy guy and he  
 21 never showed up, so I actually installed the panic  
 22 buttons at the counters at the front desk and tied  
 23 them into an alarm panel.  
 24 Q Okay, so these were just for use inside  
 25 the company headquarters?

1 Q Okay, I understand. And are you  
 2 currently employed?  
 3 A Yes, sir.  
 4 Q In what capacity?  
 5 A The officer manager at Cumberland Valley Electric.  
 6 Q Okay. Has Ted Hampton approached you  
 7 about your answers to questions that we  
 8 may pose to you today?  
 9 A He has not told me how to answer any questions. I  
 10 do recall being in his office on a couple of  
 11 different occasions where--when the questions first  
 12 came in, he just read through the questions and he  
 13 didn't ask for any response.  
 14 Q Okay.  
 15 A I do recall that.  
 16 Q Alright. Has Mr. Hampton or anyone acting on behalf  
 17 of the company either directly stated or in any way  
 18 insinuated that you should have amnesia or be  
 19 forgetful?  
 20 A No, sir.  
 21 Q Okay. Are you in fear of losing your job  
 22 if you provide truthful answers to these  
 23 questions?  
 24 A That could be a possibility.  
 25 Q Okay. What are your responsibilities at CVE?

1 A That is correct.  
 2 Q Okay, I understand.  
 3 A That's the only thing I can think of as any other  
 4 dealings that I've had at Cumberland Valley.  
 5 Q Okay. And what was the approximate  
 6 starting date for your employment with  
 7 CVE?  
 8 A September 1990.  
 9 Q And during the course of your employment with CVE  
 10 have you had the opportunity to work with other CVE  
 11 employees?  
 12 A Yes, sir.  
 13 Q Do you know, could you tell us who some of them  
 14 are?  
 15 A I worked very closely with Wayne Bryant, Robert  
 16 Prevatte, worked with Joe Carroll, Donald Lynch.  
 17 Ted Hampton's in the same office that I'm in, Karen  
 18 Hampton and Joetta Jordan, Shirley Carey, Linda  
 19 White, Karen Miller, Joyce Rogers, Rosetta Eaton.  
 20 Q Okay. So in the course of your  
 21 employment with CVE did you have  
 22 opportunity to work with the manager, Mr.  
 23 Ted Hampton?  
 24 A On occasion, yes, sir.  
 25 Q Okay. During the course of your

1 employment with CVE have you had the  
 2 opportunity to learn of the name of an  
 3 individual named Ken Lay?  
 4 A Yes, sir.  
 5 Q Okay, was Ken Lay an employee of CVE  
 6 during the time that you worked there?  
 7 A No, sir.  
 8 Q Was he ever a CVE employee?  
 9 A It's my understanding that he was in the past.  
 10 Q Do you know whether Mr. Lay owns a  
 11 business?  
 12 A Yes, sir.  
 13 Q What is the name of that business?  
 14 A Lay Tree & Brush Company.  
 15 Q Does that business do any work for CVE?  
 16 A Yes, sir.  
 17 Q What type of work?  
 18 A They do right-of-way contracting.  
 19 Q Is that to clear right-of-way?  
 20 A I assume it is to clear right-of-way.  
 21 Q Okay. Is Mr. Lay any relation to Ted  
 22 Hampton?  
 23 A I just know what I've heard other people say. They  
 24 have always said that they were cousins.  
 25 Q Okay, I appreciate you telling us how you

1 equipment they use to perform those  
 2 services for CVE?  
 3 A I think they provide the chain saws. To my  
 4 knowledge I think that's all they provide, and  
 5 maybe the pickup for the general foreman, and  
 6 that's--that was just on occasion that we would get  
 7 a bill for a general foreman.  
 8 Q Okay. Are you familiar with an entity  
 9 known as C&C Automotive Center?  
 10 A C&C? No, I'm not.  
 11 Q Okay. So you've never heard of that  
 12 company anywhere?  
 13 A I don't recall hearing of it.  
 14 Q Okay. Does CVE provide any of the  
 15 equipment that Ken Lay uses?  
 16 A Yes, we do. We provide the vehicles,  
 17 transportation for the right-of-way employees.  
 18 Q And what types of equipment?  
 19 A I would assume things like pickup trucks, maybe  
 20 trucks to haul brush in, that type thing.  
 21 Q Okay.  
 22 A I'm not sure about chippers. Maybe chippers as  
 23 well.  
 24 Q Okay. Does it strike you as unusual in any way  
 25 that CVE provides this equipment for Mr. Lay's use?

1 came to know that. Is Mr. Lay related in  
 2 any way to any other CVE employees to  
 3 your knowledge?  
 4 A I do not know.  
 5 Q Do you know whether Mr. Lay is related in  
 6 any way to any CVE officer or board  
 7 member?  
 8 A Do not know.  
 9 Q Do you have any knowledge regarding the billing  
 10 arrangements between Mr. Lay and CVE?  
 11 A Just in regard as an employee I was responsible for  
 12 paying the bills there for many years. Normally  
 13 Mr. Lay would bring the bill and lay it on my desk  
 14 or Wayne Bryant's desk, and we would be responsible  
 15 for breaking that bill down and charging it to the  
 16 appropriate account numbers.  
 17 Q I understand. Do you know the basis or  
 18 how Mr. Lay is paid for the services he  
 19 and his company render to CVE?  
 20 A They're paid on an hourly basis.  
 21 Q Okay. Was it only for labor that an hourly rate  
 22 was charged?  
 23 A There was rates for labor and chain saws, on  
 24 occasion pickup trucks.  
 25 Q Do Mr. Lay and his company provide the

1 A That doesn't seem to be normal and the way other  
 2 cooperatives operate their right-of-way.  
 3 Q Okay. Do you know whether CVE provides  
 4 equipment for other contractors?  
 5 A We have contractors for construction. I'm not  
 6 sure, I know they use some of their equipment, I'm  
 7 not sure if they utilize any of Cumberland Valley's  
 8 equipment or not.  
 9 Q Okay. Do you know whether all of the contractors  
 10 who bid on CVE projects are made aware of the fact  
 11 that CVE pays for at least some of its contractors'  
 12 use of equipment and expenses?  
 13 A I am not aware that they're made aware of that. I  
 14 do not know that.  
 15 Q You don't know whether that's so?  
 16 A No.  
 17 Q Who at CVE was responsible for handling  
 18 business operations with right-of-way  
 19 contractors?  
 20 A Ted always took care of the right-of-way program.  
 21 Q Did Mr. Hampton--did Ted Hampton manage  
 22 the business relations with any of CVE's  
 23 other contractors?  
 24 A Can you explain that question? What do you mean by  
 25 handle the relationship?

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1 Q Was he responsible for maintaining contacts with  
2 them and doing the scheduling, any part of--any  
3 part of the relationship with the other  
4 contractors?  
5 A To my knowledge I'm not sure how that transpired.  
6 I don't know of any other employees that had  
7 dealings with the contractors as far as telling  
8 them what to do and when to do it unless it would  
9 be Ted or maybe a construction superintendent. I  
10 really don't know how they decide that.  
11 Q Do you know whether any bids were ever  
12 placed with these other contractors?  
13 A Bids with what contractors?  
14 Q For construction, right-of-way, anything, any other  
15 contractors at all.  
16 A I'm not sure I understand your question.  
17 Q Okay, do you know whether CVE ever let bids out for  
18 any contractors that CVE uses?  
19 A I know when the contracts would come due that we  
20 would have a bidding process. I'm not sure how  
21 that worked as far as who was asked to submit bids  
22 and who was not, but...  
23 Q Okay.  
24 A I know there was a process...  
25 Q Okay.

Page 14

1 A ...that they went through.  
2 Q I understand. But if I understand  
3 correctly, you don't know how the--how  
4 the bidding procedure itself worked?  
5 A Well, I suppose that somehow they would come up  
6 with bids. I don't know if they requested that  
7 from other construction companies or what, but I  
8 know the bids would come in. Usually the manager's  
9 secretary would handle that function. A lot of  
10 times the manager would call Wayne Bryant back and  
11 they would look at the--I assume look at the bids  
12 and come up with a sheet that they would normally  
13 present to the board of directors. That's not a  
14 process I was normally involved in, but I've been  
15 back there many occasions when that was  
16 transpiring.  
17 Q Okay, okay. So you have some direct  
18 knowledge of that?  
19 A Yes, sir.  
20 Q Okay. Did Ted Hampton hold staff  
21 meetings with his staff from time to  
22 time?  
23 A On occasion he would call us back to his office,  
24 normally like on a Monday morning or something, and  
25 we would all sit down and he would bring up

Page 15

1 whatever he wanted to talk about.  
2 Q I understand. And who would be present at those  
3 meetings?  
4 A Normally myself, Wayne Bryant, Robert Prevatte,  
5 maybe Jay Hampton, Joe Carroll. Now Mark Abner.  
6 Q What does Mark Abner do?  
7 A He's our electrical engineer.  
8 Q So the staff meeting would be, if I'm correct, for  
9 more or less senior management, is that...  
10 A That would be...  
11 Q Would that be a good characterization?  
12 A That would be correct.  
13 Q Okay. During any of those meetings did Ted Hampton  
14 explain why he wanted to closely supervise dealings  
15 with right-of-way contractors?  
16 A No, sir.  
17 Q Was your father once a member of the CVE  
18 board of directors?  
19 A Yes, sir.  
20 Q When was that?  
21 A I think he started in about 1970, '71, and I think  
22 he resigned maybe about a year ago.  
23 Q And do you know why he left the board of  
24 directors?  
25 A I know what he told me.

Page 16

1 Q What was that?  
2 A He said he no longer wanted to serve with people of  
3 that character that was on the--on the board at  
4 that point in time.  
5 Q Okay. Did he identify the people on it,  
6 was it the entire board that he was  
7 referring to or certain individuals on  
8 the board?  
9 A Well, I know he knows one other board member  
10 personally, so I would assume that that guy would  
11 not be included in that group, but I guess as a  
12 whole.  
13 Q Okay. Did your father ever make any  
14 suggestions to Ted Hampton about ways to  
15 reduce expenditures on the right-of-way  
16 program?  
17 A He told me he did.  
18 MR. HAUSER: Object to the hearsay on  
19 this.  
20 Q Did Mr. Hampton refuse to consider any suggestions  
21 that would reduce right-of-way expenditures?  
22 A Well, at that point in time we were looking at  
23 maybe a rate increase. Things were not looking good  
24 financially. He told me that he brought up the  
25 idea in the board meeting that we might need to cut

1 back and try to postpone having a rate increase for  
 2 as long as we could, and his words to me were that  
 3 Ted told him that would hurt Kenneth awful bad if  
 4 we did that.  
 5 Q Kenneth meaning whom?  
 6 A Mr. Kenneth Lay.  
 7 Q Okay. Was there any particular piece of  
 8 equipment that was owned by CVE and used  
 9 by its contractors that came to your  
 10 attention?  
 11 A We had talked about a bulldozer on occasion that  
 12 was bought from Five-C Construction that was topic  
 13 of conversation among many different employees  
 14 there at Cumberland Valley.  
 15 Q Okay. Do you have any knowledge regarding  
 16 the price of that bulldozer?  
 17 A As I recall, I think we paid about sixty thousand  
 18 dollars for it.  
 19 REPORTER: About what?  
 20 A Sixty.  
 21 Q Sixty thousand?  
 22 A Yes, sir.  
 23 Q Do you know who used the bulldozer?  
 24 A You mean prior or since?  
 25 Q From the time that CVE bought it.

1 provided with some documents and I'd like  
 2 to show you one that was previously  
 3 admitted as an exhibit. This was  
 4 Attorney General No. 1, and I'd just like  
 5 to show this to you and ask if you can  
 6 identify that.  
 7 A Yes, sir, that is a screen print from an invoice  
 8 validation inquiry screen off of our accounting  
 9 system.  
 10 Q Okay, do you believe that this copy that  
 11 is there in front of you marked as AG No.  
 12 1 is--that it's true and fairly and  
 13 accurately represents the original record  
 14 on file at CVE?  
 15 A I would assume so.  
 16 Q And do you have any reason to doubt its  
 17 veracity or accuracy?  
 18 A No, sir.  
 19 Q To your knowledge has that document been altered in  
 20 any manner?  
 21 A Doesn't appear to be.  
 22 Q Okay, alright. Do you know--and this  
 23 document shows, of course, up at the top  
 24 the name Ronnie Corey, is that correct?  
 25 A That is correct.

1 A I do not know how we used the bulldozer.  
 2 Q Okay, and do you know--I mean, did CVE  
 3 contractors use the bulldozer?  
 4 A I don't know who actually ran the bulldozer. I  
 5 would assume the bulldozer had a bush-hog  
 6 attachment on it, I know that Bogey McCuen worked  
 7 on the bulldozer for a long time there to get it  
 8 ready to use. I'm not sure if we used it in  
 9 clearing right-of-way or if it was used some in  
 10 construction, I don't have any knowledge of what  
 11 the actual purpose. Other than I would assume it  
 12 would be right-of-way since it had a bush-hog on  
 13 it.  
 14 Q Okay, so if it had a bush-hog that was  
 15 intended to be hitched to the bulldozer,  
 16 is that correct?  
 17 A That's my understanding.  
 18 Q And if it was used for clearing right-of-  
 19 way, would that have been done by Kenneth  
 20 Lay?  
 21 A I would assume contractors would run that  
 22 bulldozer. I don't know that. I don't know of any  
 23 Cumberland Valley employees that we have to--that  
 24 works on right-of-way.  
 25 Q Alright. Mr. Tolliver, we've been

1 Q Do you know who Ronnie Corey is?  
 2 A Yes, sir.  
 3 Q Is he a friend of Ted Hampton's?  
 4 A I would assume so.  
 5 Q Okay. Is Mr. Corey in any way related to  
 6 any current or former CVE employees?  
 7 A Ronnie Corey's wife, Brenda I think, is related to  
 8 Mark Abner. Ronnie's son worked at Cumberland  
 9 Valley for a brief period of time.  
 10 Q Do you know if Ronnie Corey is related to  
 11 any CVE director?  
 12 A He has been in the past. I don't know that he's  
 13 related to any current directors.  
 14 Q Okay. Do you know what that relation was with that  
 15 in the past?  
 16 A Yes, sir, his father served on the board there at  
 17 Cumberland Valley for many years.  
 18 Q Do you know what his name was?  
 19 A Harry Corey.  
 20 Q Harry Corey, okay.  
 21 REPORTER: I'm sorry, what was the first  
 22 name?  
 23 A Harry. Maybe John Harry Corey.  
 24 Q And does Mr. Corey own a business?  
 25 A You mean Ronnie Corey or Harry Corey?

1 Q I'm sorry, Ronnie.  
 2 A Yes, sir, Five-C Construction.  
 3 Q And does Five-C do any business with CVE?  
 4 A Yes, sir.  
 5 Q Do you know what kind of business?  
 6 A They construct power lines.  
 7 Q Now, when you talk about constructing,  
 8 what basically does that do, does that  
 9 have setting the pole in, laying the  
 10 line?  
 11 A Yes, sir, that's what I would assume, they would  
 12 gather materials and if we had a job to do go out  
 13 and actually construct power line.  
 14 Q Okay. And do you know who sold the  
 15 bulldozer to CVE?  
 16 A Ronnie Corey.  
 17 Q Okay. And does this document--I don't  
 18 know whether this document--tell me what--  
 19 -I'll ask you to look at the document and  
 20 do you know whether that document shows  
 21 the purchase price of the bulldozer?  
 22 A This shows a--it shows the vendor as being Ronnie  
 23 Corey. It shows that we paid sixty thousand  
 24 dollars for a long track dozer.  
 25 Q Okay.

1 Construction?  
 2 A I don't know who actually does his accounting, I  
 3 know who submits the bills to Cumberland Valley  
 4 Electric.  
 5 Q Okay, who does submit the bills?  
 6 A Wayne Bryant normally submits the bills.  
 7 Q Okay, and so Wayne Bryant somehow on  
 8 behalf of Five-C submits bills to  
 9 Cumberland Valley?  
 10 A That's correct.  
 11 Q Did Wayne Bryant ever perform any work on  
 12 behalf of CVE?  
 13 A Yes, sir, he was employed for 30 years at  
 14 Cumberland Valley Electric.  
 15 Q In what capacity?  
 16 A Accounting supervisor.  
 17 Q Okay. Did Mr. Bryant also handle any of  
 18 the details regarding CVE contributions  
 19 toward Ted Hampton's retirement fund?  
 20 A He managed everything to do with benefits when he  
 21 was there.  
 22 Q Okay. Are you familiar with an  
 23 individual named John Rex Hampton?  
 24 A Yes, sir.  
 25 Q Is he related to Ted Hampton?

1 A And we also paid it looks like forty thousand  
 2 dollars for a truck and a bucket, and five thousand  
 3 dollars for a trailer, and twenty-one thousand  
 4 dollars for materials, which I would assume would  
 5 be tools and that type thing.  
 6 Q Okay, alright. Can we have a copy of  
 7 this admitted as another exhibit to this  
 8 depo?  
 9 MR. HOWARD: You've already admitted it  
 10 in the first deposition.  
 11 MR. HAUSER: You can just make reference  
 12 to it as...  
 13 MR. HOWARD: Yeah.  
 14 Q And we'll just refer to it, yeah.  
 15 MR. HAUSER: ...exhibit to the first.  
 16 MR. HOWARD: Yeah, I think that's the  
 17 easiest way to try to minimize the paper  
 18 shuffle.  
 19 Q Yeah, that's fine. Do you have any  
 20 knowledge regarding billing arrangements  
 21 for the occasions when contractors would  
 22 use the bulldozer?  
 23 A I do not.  
 24 Q Would you have any knowledge regarding  
 25 the identity of the accountant for Five-C

1 A It's my understanding he's his brother.  
 2 Q Is--I'm going to call him J.R. Hampton.  
 3 Is J.R. Hampton married?  
 4 A Yes, sir.  
 5 Q And what is his wife's name?  
 6 A Karen.  
 7 Q Does Karen work at CVE?  
 8 A Yes, sir.  
 9 Q In what capacity?  
 10 A She's assistant bookkeeper.  
 11 Q Alright. Does J. R. Hampton now or has  
 12 he at anytime ever worked for CVE?  
 13 A Not to my knowledge. I do not know that.  
 14 Q Alright. Do you know whether J. R.  
 15 Hampton has ever worked on any CVE  
 16 vehicles?  
 17 A We have got billings to that effect.  
 18 Q From Mr. Hampton, from John Rex Hampton?  
 19 A That's not the name that was on the billings.  
 20 Q Okay, what was the name on the billings?  
 21 A I think it was SECC. I do not know what that  
 22 stands for.  
 23 Q Okay. Did CVE employ the services of a  
 24 full-time mechanic to work on its  
 25 vehicles?

1 A We had a contractor, Bogey McCuen, who was a  
 2 contractor for many years until he became an  
 3 employee.  
 4 Q Okay. And we had discussed Karen Hampton  
 5 previously, and what capacity did you say she  
 6 works?  
 7 A Her title is assistant bookkeeper. She performs a  
 8 lot of the accounting functions, payroll functions,  
 9 accounts payable functions.  
 10 Q In that capacity does she have the  
 11 ability and occasion to execute financial  
 12 documents such as payments to vendors?  
 13 A She keys the accounts payable into the system,  
 14 brings off checks.  
 15 Q Do you know whether J. R. Hampton and  
 16 Karen Hampton were involved with an  
 17 entity known as SECC?  
 18 A I can just tell you what transpired with those  
 19 documents that came through the office. As to the  
 20 entity SECC I--like I say, I don't know what that  
 21 stands for.  
 22 Q Okay.  
 23 A So I'm not sure who had any ownership or dealings  
 24 with something called SECC.  
 25 Q You said you could explain what happened,

1 No. 2 and I'll show it to you and ask if  
 2 you can identify it.  
 3 A That's also a screen print from an invoice  
 4 validation inquiry showing a vendor name of SECC  
 5 and detailing basically accounts payable made to  
 6 that vendor.  
 7 Q Do you believe that that copy is true and  
 8 that it fairly and accurately represents  
 9 the original record on file at CVE?  
 10 A Yes, sir, it looks just like a screen print.  
 11 Q Okay. Do you have any reason to doubt its  
 12 veracity or accuracy?  
 13 A No, sir.  
 14 Q To the best of your knowledge has that  
 15 document been altered in any manner?  
 16 A Does not appear to be.  
 17 Q And subject to my mathematics being  
 18 correct, does that document then show  
 19 approximately \$9,547.00 in CVE payments  
 20 to SECC?  
 21 MR. HAUSER: Note my objection, not to  
 22 that question but to generally he's  
 23 testify--he's testifying as this is a  
 24 document he said is a screen print. It  
 25 is not a document, there's another

1 so could you go ahead and explain?  
 2 A I could. What I saw with those documents, Elbert  
 3 Hampton would bring in a piece of white notebook  
 4 paper similar to what you have there in front of  
 5 you with I guess work that had been done on  
 6 vehicles, and he would give that to Karen. She  
 7 would type that up on a typewriter, just a plain  
 8 white piece of paper and then submit that to the  
 9 accounting department for payment on those SECC  
 10 invoices.  
 11 Q Okay. So it was Elbert Hampton who would  
 12 present these documents to Karen Hampton,  
 13 is that correct?  
 14 A Yes, sir, I saw that happen on many--several  
 15 occasions.  
 16 Q Okay. And do you have any nature of  
 17 services that SECC provided to CVE?  
 18 A I can tell you what I recall seeing on those  
 19 papers, things like changed oil on truck No. 22,  
 20 for example, or worked on a radio, just little  
 21 descriptions like that.  
 22 Q Okay, alright. We were provided with a  
 23 copy of a document that I'd like to show  
 24 you and ask if you can identify it. This  
 25 was marked previously as Attorney General

1 document I'm assuming that is the  
 2 original. To that extent just note it.  
 3 Q Okay. You can go ahead and answer it.  
 4 A It appears to be a little more than nine thousand.  
 5 Q Okay, alright. And let me just make sure  
 6 I put these back in order so we don't  
 7 lose those. Do you have any knowledge  
 8 regarding any address that was listed for  
 9 SECC?  
 10 A That was a topic that came up in our office during  
 11 the time that was happening. Initially there was  
 12 no address at all on the accounts payable address  
 13 file. Then I think Robert Prevatte may have  
 14 mentioned something about that not looking  
 15 appropriate or something and then I think a P. O.  
 16 box was placed on that address.  
 17 Q Okay, so a P. O. box at some point later  
 18 in time was added, and to what was it  
 19 added? Was it to the computer...  
 20 A Yes, sir.  
 21 Q ...system?  
 22 A Yes, sir.  
 23 Q Okay. Tell me a little bit about this  
 24 computer system. Would this be the  
 25 system that kept track of the books, the

1 payments and that kind of thing?  
 2 A It would be. That file there is just a vendor file  
 3 that would have name, address.  
 4 Q Okay, so...  
 5 A Of where you submit with your payments to.  
 6 Q Vendors meaning any kind of contractors,  
 7 anybody who did any business with CVE?  
 8 A All vendors, yes, sir.  
 9 Q That was kept track on the computer  
 10 system?  
 11 A That is correct.  
 12 Q And do you have any knowledge about to whom that P.  
 13 O. box belonged that was later came to be  
 14 identified with SECC?  
 15 A I assumed it belonged to Karen and John Rex  
 16 Hampton.  
 17 Q Was there anything that caused you to  
 18 make that assumption?  
 19 A Yeah, we--I saw that P. O. box before, so.  
 20 Q And so you saw that P. O. box before and in what  
 21 capacity?  
 22 A Maybe a payroll records or that type thing or  
 23 something.  
 24 Q So was it the same P. O. box that Karen  
 25 Hampton has used previously, is that what

1 Q Alright, thank you. Do you have any  
 2 knowledge regarding an entity known as  
 3 Southeast Petroleum, Inc.?  
 4 A Yes, sir, I've saw the name before.  
 5 Q Okay. Do you have any knowledge about who runs  
 6 that entity?  
 7 A I assume it's owned by Ted Hampton, maybe his  
 8 brother; Karen.  
 9 Q Do you have--tell me what kind of facts  
 10 you base that assumption on?  
 11 MR. HAUSER: Excuse me, did you say it  
 12 was owned by Ted Hampton? Is that the  
 13 answer?  
 14 MR. COOK: I think he said that he  
 15 assumed that it was owned by...  
 16 A Yeah, I assume it's owned by Ted Hampton.  
 17 Q Or Karen, is that what you said?  
 18 A Karen, Ted, they all had interactions there with  
 19 Southeast Transportation.  
 20 Q I'd like to just show you another  
 21 document here was entered as...  
 22 MR. HAUSER: The question was about  
 23 Southeast Petroleum. I want to make sure  
 24 we get this right.  
 25 MR. COOK: Sure, go right ahead.

1 you're saying?  
 2 A That's my understanding, yeah.  
 3 Q Do you have any knowledge of whether anybody ever  
 4 witnessed a CVE employee or officer ever picking up  
 5 SECC's mail at that P. O. box?  
 6 A I do not.  
 7 Q I want to show you another document.  
 8 This was previously entered as Exhibit  
 9 No. 3. I just want to show that to you  
 10 and see if you can identify that.  
 11 A Yes, sir, that's a Cumberland Valley accounts  
 12 payable check.  
 13 Q Okay, and to whom is it made payable?  
 14 A SECC.  
 15 Q Okay, and who signed the check?  
 16 A It's signed by Wayne Bryant and Robert Prevatte.  
 17 Q Would it be the normal course of their  
 18 responsibilities to sign such a check?  
 19 A It would.  
 20 Q And what is the amount of that check?  
 21 A Two thousand five hundred and ten dollars and  
 22 forty-five cents (\$2,510.45).  
 23 Q And there on page two to what you just  
 24 turned, on the back what does it say?  
 25 A It says SECC.

1 MR. HAUSER: You asked about Southeast  
 2 Petroleum.  
 3 MR. COOK: Petroleum.  
 4 MR. HAUSER: And he said he thought Ted  
 5 owned it, but and then he said he thought  
 6 that Ted owned Southeast Transportation.  
 7 So I mean, we're talking two different  
 8 things here. Just make sure we get...  
 9 MR. HOWARD: If you can clarify  
 10 what--yeah, clarify what entity  
 11 you're talking about.  
 12 Q Yeah, and we're going to go into this in more  
 13 detail in the next few questions. There are two  
 14 entities I'm going to ask you about, and one is  
 15 called Southeast Petroleum.  
 16 A Okay.  
 17 Q And another one is called Southeast  
 18 Transportation.  
 19 A Okay.  
 20 Q Okay? So I'm going to ask you in turn  
 21 about both, and right now I'm just going  
 22 to ask about the Petroleum, Southeast  
 23 Petroleum.  
 24 A Okay.  
 25 Q And wondering if you--you said that you assumed

1 that that was...

2 A I thought we were talking about Transportation.

3 Q Okay.

4 A Southeast Petroleum, I know Ted's brother had

5 dealings with that company. He drove a truck in

6 there that had that name on the side of it so I

7 would assume that...

8 Q Ted's brother would be who?

9 A John, John Hampton.

10 Q John Rex Hampton?

11 A That's correct.

12 Q Okay. I'd like to show you this exhibit which was

13 previously entered as Attorney General No. 4, and

14 about midway down through there I think it

15 identifies one of the Hamptons that's the

16 registered agent, is that correct?

17 A That's correct.

18 Q Is that John Rex Hampton?

19 A That's what it says.

20 Q Okay.

21 MR. HAUSER: Generally note my objection

22 to this witness's ability to testify

23 about the computer print-out from the

24 Secretary of State's office.

25 Q And do you know--do you have any personal

1 A It's near the red light at the bridge going toward

2 the direction of Pineville, there's a small station

3 there on the right. I can't recall if that was the

4 exact name of that station or not, but...

5 Q Okay.

6 A ...that's the only thing I can think of that may be

7 close to that name.

8 Q Did it have like a brand name? Was it

9 affiliated in any way like with a

10 national company or...

11 A I remember Conoco being on several things there

12 that had Southeast Petroleum on it.

13 Q Okay, okay. And now as we discussed, I'm

14 going to ask you if you know anything

15 about Southeast Transport.

16 A Again, that's my understanding that Ted had some

17 ownership in that company.

18 Q Okay. Do you know whether any CVE employees ever

19 worked on or serviced any Southeast Transportation

20 trucks?

21 A I know that trucks were on Cumberland Valley

22 Electric property and I know they were working on

23 them down there. As to who done what, I do not

24 know that.

25 Q So you saw, you personally saw Southeast

1 knowledge about whether J. R. Hampton

2 was--the extent of his involvement with

3 Southeast Petroleum?

4 A Other than seeing trucks come, maybe when we--I

5 think in the past we may have purchased fuel from

6 Southeast Petroleum.

7 Q Okay. Do you have any idea how long that

8 relationship may have been going on about

9 the purchasing of fuel?

10 A I could not give you a time frame on that. I know

11 it was for a period of time and then it ceased.

12 Q Okay. Do you have any knowledge about

13 whether CVE at a time it purchased fuel

14 from various vendors, whether they ever

15 received any bids, whether they ever

16 placed any bids out?

17 A I do not know that.

18 Q Have you ever heard of an entity known as

19 Southeast Petro Mart? And I'm not sure

20 if that's one word or two.

21 A I can't--I can't say for sure, that may have been

22 the gas station up on 25E in Barbourville. I don't

23 recall that for sure though.

24 Q Do you have any idea as whereabouts on

25 25E?

1 Transportation trucks on CVE property, is

2 that correct?

3 A Yes.

4 Q Okay. And do you know about what times

5 of day they would be on the property of

6 CVE?

7 A All times of day.

8 Q Do you know whether they--people working on the

9 Southeast trucks used CVE tools and equipment?

10 A I do not know what they used. I know they were

11 there at the garage area. As to whether they

12 grabbed tools and used those, I don't have that

13 knowledge, I do not know.

14 Q Do you know whether one of the

15 individuals who may have worked on the

16 Southeast trucks was William McCuen?

17 A He was there a lot. Whether he actually did any

18 work on the trucks, again, I--I can't answer that

19 question.

20 Q Okay, alright. Do you know of any

21 information that would show in other ways

22 that Southeast Transportation employees

23 were present on CVE property during CVE's

24 business hours?

25 A Well, those trucks came in quite often, so I would

1 assume lots of employees saw them going in and out.  
 2 Q Was there an incident where someone was  
 3 injured?  
 4 A Yes, sir, I do recall that.  
 5 Q Who was that, who was injured?  
 6 A John Rex Hampton was injured.  
 7 Q Okay, and how was he injured?  
 8 A I can tell you what was reported, what was told to  
 9 me.  
 10 Q Okay.  
 11 A The story was that he was under a trailer of a  
 12 truck, I guess doing some work maybe or something,  
 13 and his brother Elbert climbed into the cab to pull  
 14 the truck forward and I guess and ran over part of  
 15 his leg or something.  
 16 Q Do you know--do you know who the truck was owned  
 17 by?  
 18 A I would assume it was one of Southeast  
 19 Transportation's trucks.  
 20 Q Okay. Do you know of any photos or  
 21 evidence that might depict CVE employees  
 22 doing any work on non-CVE owned vehicles?  
 23 A There's a video tape that exists of trucks going in  
 24 and out of the lot. I don't recall seeing any CVE  
 25 employees actually doing any work on a vehicle.

1 q Okay, so tell me again what the video  
 2 shows.  
 3 A You can see trucks and you can see people walking  
 4 around in the garage area.  
 5 Q And do you know who these--are they CVE  
 6 trucks or who were they owned by?  
 7 A Well, it was a tractor and trailer truck with the  
 8 hood pulled down.  
 9 Q Well, does CVE own any tractor trailer...  
 10 A Not to my knowledge.  
 11 Q Okay, alright. And do you know where  
 12 this video tape is?  
 13 A Yes, sir.  
 14 Q Where is it?  
 15 A It's on a computer at Cumberland Valley's offices.  
 16 Q Okay. And do you know whose computer  
 17 this is?  
 18 A Yes, sir.  
 19 Q Who?  
 20 A It's on mine.  
 21 Q On your computer. So if we were to ask  
 22 you through Mr. Hauser to produce a copy  
 23 of this tape, could that be done somehow  
 24 on some sort of media, maybe a CD or a  
 25 DVD?

1 A I think so.  
 2 Q Okay, we'd like to see if we can get a  
 3 copy of that then.  
 4 MR. HOWARD: Mr. Hauser, do I need to ask  
 5 for a subpoena duces tecum or would you  
 6 and your utility company be willing to  
 7 provide that to us?  
 8 MR. HAUSER: You just send me--send us a  
 9 letter.  
 10 MR. HOWARD: I'll send you a letter,  
 11 okay. Thank you.  
 12 Q Mr. Tolliver, do you know who performed bookkeeping  
 13 for Southeast Transportation?  
 14 A I do not.  
 15 Q And do you have any knowledge of what  
 16 sorts of items Southeast Transportation  
 17 trucks would transport?  
 18 A I do not.  
 19 Q I just wanted to make sure I'm clear. Do  
 20 you know whether any Southeast  
 21 Transportation employees ever came onto--  
 22 came--let me rephrase that. Whether they  
 23 ever came into CVE's business offices?  
 24 A I would assume so. I saw guys come in and get  
 25 checks and that type thing from Karen. I would

1 assume they would be employees of that company. I  
 2 saw them driving those trucks.  
 3 Q You saw Karen Hampton giving checks to  
 4 Southeast Transportation employees?  
 5 A I would assume that was a Southeast Transportation  
 6 employee, he...  
 7 MR. HAUSER: Note my objection just--and  
 8 it's an ongoing objection and I want it  
 9 to relate back if I haven't objected  
 10 every time. We've got a lot of testimony  
 11 about assumptions, and I--you know,  
 12 either you know or you don't know, and I  
 13 don't, you know, want the record to be  
 14 full of assumptions. This goes back to  
 15 Mr. Carroll too. Either you know the  
 16 answer or you don't know the answer,  
 17 but...  
 18 MR. HOWARD: We understand the objection,  
 19 Mr. Hauser, and what we are getting to is  
 20 to the other names of folks that can't  
 21 ultimately step forward to avoid the  
 22 hearsay. Furthermore, insofar as the  
 23 Secretary of State documents, we'll be  
 24 able to get administrative notice before  
 25 the Commission on that. We're not going

1 to try to explore assumptions because we  
 2 understand that we have to get to the  
 3 evidentiary basis. So I understand...  
 4 MR. HAUSER: Well, I haven't objected  
 5 every time. I don't want to belabor this  
 6 any longer than we already have.  
 7 MR. HOWARD: Thank you for your  
 8 indulgence.  
 9 Q Back to the--you said that--let me make  
 10 sure we can clarify this. Okay, did you  
 11 actually see Karen Hampton issuing checks  
 12 to...  
 13 A I didn't--I'll tell you what I saw, was John  
 14 Partin's son, who is a former employee there at  
 15 Cumberland Valley, from what I gather from talking  
 16 to the other people he was actually working for  
 17 them, maybe driving a truck.  
 18 Q Them meaning Southeast Transportation?  
 19 A That is correct. I have saw him come into the  
 20 office looking for his check, and he would go to  
 21 Karen, and that's what I witnessed, that's all I--  
 22 that's all I know about it. As to whether or not  
 23 he actually worked for them...  
 24 Q Okay.  
 25 A ...I don't know.

1 him say something about it or if one of the ladies  
 2 up front said something about it when he came in  
 3 and asked to speak to someone. I don't recall  
 4 that.  
 5 Q So you weren't, for instance, right in  
 6 the same room, you didn't piece together  
 7 all this just from your personal  
 8 knowledge, you're saying that through  
 9 several other sources you were able to  
 10 piece this together that he had come in  
 11 looking for his check?  
 12 A No, I actually witnessed the biggest part of that.  
 13 I saw him come in...  
 14 Q Oh, okay.  
 15 A ...the front door, I saw him go back to the office.  
 16 I don't recall who said what about the check, but  
 17 no, there's nobody telling me that.  
 18 Q Okay, I understand. So about the time that he came  
 19 onto the property, was this during CVE's normal  
 20 business operating hours?  
 21 A Yes, sir.  
 22 Q And had you ever witnessed anything like  
 23 that previously, either before or after?  
 24 Did you ever witness anybody driving a  
 25 non-CVE owned truck coming into the

1 Q So you yourself actually witnessed John Partin, is  
 2 that his name?  
 3 A That was the employee, I don't recall what his  
 4 son's name was, but I recognize him when I see him.  
 5 Q Oh, okay, so you don't know his--it was  
 6 actually John Partin's son who came onto  
 7 the--into the office?  
 8 A I have saw that, yes.  
 9 Q Okay. And so you don't recall the son's first  
 10 name. Do you know how to spell that last name?  
 11 A P-a-r-t-i-n.  
 12 Q T-i-n, okay.  
 13 REPORTER: P-a-r-t-i-n?  
 14 A I think so.  
 15 Q And you saw the son of Mr. Partin come  
 16 into the office and go to Karen Hampton  
 17 and you heard him asking, can I have my  
 18 check or something to that effect?  
 19 A I don't recall if he asked it or she said he came  
 20 to get his check or--I don't recall...  
 21 Q The exact context?  
 22 A The exact conversation, but that's in just what  
 23 transpired to my knowledge and from what I saw, and  
 24 what I was told I guess. I don't recall if it was  
 25 Karen that mentioned something about it or I heard

1 business office looking for anything?  
 2 A He's the only one that I remember coming in to have  
 3 any type of dealings like that inside the office.  
 4 There were people down at the warehouse that I  
 5 didn't know who they were or what they were there  
 6 for. May have been totally unrelated, but he's the  
 7 only one I recall coming into Cumberland Valley  
 8 offices.  
 9 Q Okay, alright. And do you know whether  
 10 Southeast Transportation ever conducted  
 11 any business with CVE?  
 12 A I don't recall ever paying them anything through  
 13 the accounts payable system.  
 14 Q Okay.  
 15 A That I can recall.  
 16 Q Fair enough. And to the best of your  
 17 knowledge--okay, you may have answered  
 18 this, but let me just ask it anyway. To  
 19 the best of your knowledge did CVE ever  
 20 make any payments to Southeast  
 21 Transportation for any reason?  
 22 A Not to my knowledge.  
 23 Q Okay. Do you have any knowledge of an entity  
 24 called Knox Auto Parts?  
 25 A Yes, sir.

1 Q How did you come to know about Knox Auto  
 2 Parts?  
 3 A When I was first employed at Cumberland Valley, one  
 4 of my initial responsibilities was paying bills. At  
 5 that point in time that would have been probably  
 6 1990, '91. We paid a lot of bills to Knox Auto  
 7 Parts, so that's how I first became familiar with  
 8 that entity.  
 9 Q Okay. Do you know what kinds of business  
 10 CVE conducted with Knox Auto Parts?  
 11 A We purchased things like batteries, alternators,  
 12 boxes of rags, just miscellaneous type items that  
 13 you would use on trucks and vehicles and that type  
 14 thing.  
 15 Q Okay. Do you have any knowledge regarding  
 16 about how much business in rough dollar  
 17 figures was transacted, say on a monthly  
 18 basis between the two?  
 19 A Three to four thousand dollars per month on average  
 20 probably, somewhere in that neighborhood.  
 21 Q And I understand that's just an approximation on  
 22 your part.  
 23 A That is correct.  
 24 Q Do you know, do you have any knowledge  
 25 about whether the amount of business

1 expertise that only Knox possessed?  
 2 A I would assume not. It was common, common items.  
 3 Q Did you see, for instance did you see  
 4 anything that was specialized equipment  
 5 for use in the utility industry?  
 6 A I think on occasion we would buy things like  
 7 conduit, that type of thing for certain types of  
 8 installations. I'm not sure exactly what we did  
 9 with it, if it was metering type work or what, that  
 10 we would buy some conduit on occasion.  
 11 Q Okay, I understand. And with regard to  
 12 the products that Knox Auto Parts  
 13 provided to CVE, do you know whether  
 14 there was a bidding process?  
 15 A I do not know that. I don't recall any bidding  
 16 process.  
 17 Q You don't recall any bidding process, but  
 18 you don't know either?  
 19 A I do not know for a fact.  
 20 Q Okay, I understand. Do you know anything  
 21 about an individual named Steve Hampton?  
 22 A Yes, sir.  
 23 Q Does he bear any relationship with Ted Hampton?  
 24 A He is Elbert Hampton's son, and Elbert is Ted's  
 25 brother.

1 conducted between the two entities  
 2 fluctuated to a great extent on a month  
 3 by month basis?  
 4 A It stayed about the same most of the time.  
 5 Q I'd like to show you a document that was  
 6 previously entered as Attorney General  
 7 No. 6, and this comes again from a  
 8 Kentucky Secretary--oh, I'm sorry, change  
 9 that to Attorney General No. 5. It comes  
 10 from the Kentucky Secretary of State web  
 11 site again, and I'd like to show that to  
 12 you. And do you see about two-thirds of  
 13 the way down there the name John Rex  
 14 Hampton?  
 15 A Yes, sir.  
 16 Q And is he listed as a director and  
 17 incorporator?  
 18 A Yes, sir.  
 19 Q Alright, I thank you. I think you  
 20 mentioned that Knox purchased things like  
 21 batteries, auto parts, is that correct?  
 22 A That is correct.  
 23 Q Alright. And were these products that  
 24 only Knox Auto Parts could procure or  
 25 they required some sort of special

1 Q Okay. Did Steve Hampton ever play any  
 2 role in Knox Auto Parts?  
 3 A I think he ran Knox Auto Parts for a period of  
 4 time. I don't recall how long.  
 5 Q Okay. Do you know whether Steve Hampton  
 6 owned Knox Auto Parts?  
 7 A I do not know how the ownership was set up.  
 8 Q Okay, alright. And do you know for how  
 9 long the business relationship between  
 10 Knox Auto Parts and CVE lasted?  
 11 A It went on for many years. I would assume at some  
 12 point in time they probably divested their interest  
 13 in that maybe at that point in time.  
 14 Q Do you know when the relationship ended?  
 15 A I do not know the specific date, no.  
 16 Q Do you know whether there was any event  
 17 that caused the relationship to end?  
 18 A I do not know that. I know Steve Hampton became an  
 19 employee at Cumberland Valley about that time, but  
 20 as to an event that may have caused that to end, I  
 21 do not know.  
 22 Q So if I understand you correctly, Steve  
 23 Hampton became employed at CVE at about  
 24 the same time, roughly the same time that  
 25 the relationship between Knox Auto Parts

1 and CVE ended, is that correct?  
 2 A I think so, shortly thereafter.  
 3 Q Okay. Do you have any knowledge of where  
 4 CVE's records regarding its transactions  
 5 with Knox Auto Parts would be kept?  
 6 A Any transactions going back probably longer than  
 7 four or five years would either be in the basement  
 8 of engineering building or we have a large metal  
 9 building that we have records stored against one  
 10 wall. I would assume if they hadn't been discarded  
 11 in some manner that they would be there.  
 12 Q Okay. So the layout then of the office  
 13 is that there's the main office building  
 14 and it has a basement?  
 15 A The main building does not have a basement, it has  
 16 a vault where we keep a certain amount of records,  
 17 usually going back maybe four to five years.  
 18 Because of space limitations we have to move those  
 19 records out, and we did store quite a few of them  
 20 in the basement of the engineering building, and  
 21 then that became full and we actually moved a lot  
 22 down to a metal building down in the warehouse  
 23 area.  
 24 Q So sounds like they could be in three  
 25 places, in the vault in the main office

1 years until he retired. I'm not sure what year he  
 2 actually retired in. I started in 1990, so he was  
 3 an employee there several years during the time I  
 4 was there.  
 5 Q And if I understand your testimony  
 6 correctly, that Elbert is Ted Hampton's  
 7 brother?  
 8 A That's my understanding.  
 9 Q Do you know, is Elbert also on the board  
 10 of directors at CVE?  
 11 A Yes, sir.  
 12 Q Do you know who Elbert replaced on the  
 13 CVE board?  
 14 A I think he replaced Roy Ferguson.  
 15 Q Roy Ferguson. Do you know why that  
 16 replacement occurred?  
 17 A Roy Ferguson I think had a stroke and became unable  
 18 to serve in his board capacity, so I would assume  
 19 that that's the circumstances that led to needing a  
 20 new director.  
 21 Q Okay. Did Elbert Hampton play any role  
 22 in Knox Auto Parts?  
 23 A Other than his son running the business I'm not  
 24 sure what hand he had in managing or running Knox  
 25 Auto Parts.

1 building and in the engineering building  
 2 itself in the basement, and then where  
 3 was the third place?  
 4 A There's a metal building down in the warehouse area  
 5 that's...  
 6 Q Okay.  
 7 A That has boxes stored.  
 8 Q Okay, alright. And do you know whether  
 9 the records of CVE's transactions between  
 10 Knox Auto Parts, whether they still  
 11 exist?  
 12 A I do not know that.  
 13 Q Have you ever heard of any statements to the effect  
 14 that these records could easily be destroyed?  
 15 A No, I don't recall anybody making any statements  
 16 that they could easily be destroyed, but they  
 17 probably could be. I know on occasions we've  
 18 cleaned stuff out. So it would be easy to destroy  
 19 those records if you wanted to, but I don't recall  
 20 anyone saying that.  
 21 Q Okay, alright. I think you mentioned  
 22 previously Elbert Hampton. Did you have  
 23 any dealings with Elbert Hampton  
 24 yourself?  
 25 A He worked at Cumberland Valley for a number of

1 Q Okay. So you would not know whether  
 2 Elbert was an employee or an officer or a  
 3 director?  
 4 A I do not know that.  
 5 Q Okay, I understand. Do you know whether  
 6 Elbert Hampton was ever involved in any  
 7 other businesses?  
 8 A I don't recall any that I can think of.  
 9 Q Okay. I'd like to show you a copy of a  
 10 document previously entered as Attorney  
 11 General No. 6, and this again comes from  
 12 the Kentucky Secretary of State web site.  
 13 It's publicly available. Do you see  
 14 about halfway down there who the  
 15 president was identified as?  
 16 A Yes, sir.  
 17 Q Elbert Hampton, is that correct?  
 18 A That is correct.  
 19 Q To your--I mean, would you have any  
 20 reason to believe that that is not the  
 21 Elbert Hampton that once worked with CVE?  
 22 A No reason not to believe, no, sir.  
 23 Q Okay, we had discussed that Elbert--is  
 24 Elbert still a member of the board of  
 25 directors?

1 A Yes, sir.  
 2 Q And that he once was also an employee of  
 3 Cumberland Valley, is that correct?  
 4 A That is correct.  
 5 Q Do you know whether there was ever any  
 6 overlap between the two? At the same  
 7 time that he was an employee was he also  
 8 on the board?  
 9 A He came in and filled in for Jay Hampton I think  
 10 when he was a board of director, maybe for a week  
 11 when Jay was on vacation, and he actually received  
 12 pay for that I think, if I recall.  
 13 Q Okay, so this time that he filled in for  
 14 Jay Hampton, was this when Jay Hampton  
 15 was on the board of directors?  
 16 A Jay was an employee at Cumberland Valley Electric.  
 17 Q Oh, I see. Okay, I'm sorry, I just  
 18 wanted to make sure. So at the time when  
 19 Elbert was a member of the board of  
 20 directors of CVE he filled in as an  
 21 employee of CVE while Jay Hampton was  
 22 away temporarily, is that correct?  
 23 A That would be...  
 24 Q Am I understanding correct?  
 25 A That would be a fair statement.

1 A No, sir.  
 2 Q Okay. You've never heard of that  
 3 business?  
 4 A I may have heard the term, but I don't know  
 5 anything about Air Gas.  
 6 Q Okay. So you've never heard of a  
 7 business called Air Gas?  
 8 A No, sir.  
 9 Q Okay, alright. Do you have any  
 10 knowledge regarding work that CVE  
 11 conducted that may have been unnecessary?  
 12 A I just know the general conversation among  
 13 employees over the years as to the construction  
 14 work we may have been doing and whether or not they  
 15 thought it was actually needed or not. I do not  
 16 have a personal--I don't go out into the field, so  
 17 I don't get to see what's actually being done.  
 18 Q So you base that on conversation you've  
 19 heard among other employees?  
 20 A Yes, sir.  
 21 Q Was there ever any kind of general  
 22 consensus about whether some of the work  
 23 that CVE did was unnecessary?  
 24 A I think so.  
 25 Q And what was that general consensus?

1 Q Okay. Do you know whether CVE rules  
 2 allow for this type of activity?  
 3 A I do not know.  
 4 Q Okay, alright, fair enough. Do you have any  
 5 knowledge of Elbert Hampton receiving payments from  
 6 CVE for construction work he performed?  
 7 A No, sir.  
 8 Q Have you ever witnessed or otherwise  
 9 learned of Elbert Hampton filling his  
 10 personal vehicle with CVE gasoline?  
 11 A No, sir.  
 12 Q Okay. Have you ever seen Elbert Hampton  
 13 leaving the CVE warehouse with his arms  
 14 full of materials and placing them into  
 15 his personal vehicle?  
 16 A No, sir.  
 17 Q Have you ever heard of an entity named  
 18 Hubbs Creek?  
 19 A I may recall the name, but I don't have--I don't  
 20 know anything about Hubbs Creek.  
 21 Q Do you have any idea whether that entity  
 22 might do any business with CVE?  
 23 A I could not say for sure about that.  
 24 Q Are you aware of an entity known as Air  
 25 Gas?

1 A Well, just from talking to engineers and staking  
 2 guys, we were always concerned about keeping  
 3 everyone busy as far as contractors and finding  
 4 things for them to do. So just in general  
 5 conversation with engineers and staking guys, they  
 6 seemed to have to try to find--find the work to  
 7 keep those guys busy, so just from that general  
 8 mention, those general terms you would think that  
 9 there was probably some work being done that maybe  
 10 we didn't have to do, work that could be put off  
 11 into the future sometime.  
 12 Q Okay. Do you have any idea of what kind  
 13 of work this might have involved?  
 14 A I would assume construction of power lines and that  
 15 type thing.  
 16 Q You say you assume. Do you have any  
 17 facts to base that assumption on?  
 18 A I can just tell you what I've been showed and what  
 19 I've been told. I don't have any personal facts.  
 20 I know Joe Carroll has drove me out to lines and  
 21 showed me three phase power lines that he told me  
 22 in his opinion that we did not need and didn't have  
 23 to build, but he said also that that was--you don't  
 24 know the circumstances on why somebody would do  
 25 that or--but he has showed me things like that in

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1 the past.  
 2 Q Okay.  
 3 A Now, my knowledge does not--I could not tell you if  
 4 that line was needed or not because I do not have  
 5 the knowledge to back that up, but I assume that he  
 6 did.  
 7 Q You do not have the technical expertise,  
 8 you're not an engineer?  
 9 A That is correct.  
 10 Q Okay, thank you. Mr. Tolliver, we know  
 11 from our written discovery that CVE  
 12 obtains at least part of its funding from  
 13 RUS loans. Do you have any knowledge  
 14 concerning what the proceed from those  
 15 loans are spent on?  
 16 A Those proceeds would be spent on power line  
 17 construction and just the general operating of  
 18 Cumberland Valley's business.  
 19 Q Okay, I understand. And in the course of  
 20 building--in the course of power line  
 21 construction would that also involve  
 22 right-of-way clearing?  
 23 A Yes, sir.  
 24 Q And is it--is my understanding correct  
 25 that all of CVE's right-of-way clearing

1 being laid in which part of the work  
 2 should have been charged to a customer?  
 3 A I'm not personally aware of that.  
 4 Q When you say you're not personally aware,  
 5 have you heard from other people?  
 6 A There may have been comments made over the years  
 7 about different little things like that, but I have  
 8 no personal knowledge of it.  
 9 Q Okay, alright. Have you ever attended a CVE annual  
 10 meeting and board of directors election?  
 11 A I have.  
 12 Q Okay. Do you have any knowledge  
 13 regarding how an individual comes to be  
 14 on the CVE board of directors?  
 15 A I would assume they would have to be nominated.  
 16 Q Who does the nominating?  
 17 A It would be a nominating committee.  
 18 Q Okay. Is there also an election?  
 19 A We've never had an election. We use proxies, it's  
 20 what we have used in the past. I guess...  
 21 Q Whose proxies were they?  
 22 A Well, it's a piece of paper which I guess the  
 23 member declares that if he signs this piece of  
 24 paper that counts as his vote. I don't know much  
 25 about the process or how it has worked in the past,

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1 and maintenance was performed by Ken  
 2 Lay's company?  
 3 A That is correct.  
 4 Q Okay. Do you have any knowledge  
 5 regarding a power line that was run to a  
 6 cabin off of Red Bird Road?  
 7 A I do not.  
 8 Q If I mention the name J. B. Johnson, does  
 9 that mean anything to you?  
 10 A Yes.  
 11 Q What does it mean to you?  
 12 A J. B. Johnson used to be our Cumberland Valley's  
 13 attorney I think before Pat Hauser.  
 14 Q Okay.  
 15 A And I've met him on several occasions and...  
 16 Q Do you know whether CVE ever performed  
 17 any work on--running any lines to any  
 18 property that he may have owned?  
 19 A I do not know that.  
 20 Q Okay. Do you know anything about the  
 21 laying of a power line to a school under  
 22 the Whitley County School System?  
 23 A No, sir.  
 24 Q In the course of your employment with CVE  
 25 have you ever learned of any power lines

1 but I know someone would get nominated and the next  
 2 thing you know they would be on the board, so I'm  
 3 not sure how that process normally transpired.  
 4 Q Okay. So if I understand correctly, the  
 5 proxies of CVE members is what  
 6 determines--in the election what  
 7 determines who's going to be on the  
 8 board?  
 9 A That's my understanding.  
 10 Q Okay. At the annual meetings that you  
 11 attended, did you ever hear any  
 12 announcements being made to CVE members  
 13 that it was time for the election of  
 14 board of directors members?  
 15 A I don't recall ever hearing that, no.  
 16 Q At the annual meetings are there any ballot boxes  
 17 made available to accept votes?  
 18 A I don't recall that, but I don't know for sure.  
 19 Q I understand that, appreciate your  
 20 willingness to explain the extent of your  
 21 knowledge. Do you have any knowledge  
 22 about the keeping of CVE corporate  
 23 minutes?  
 24 A Just from the standpoint of what I witnessed there  
 25 and I've been to a few board meetings, and of

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1 course, my father served on that board for many  
 2 years.  
 3 Q Yes.  
 4 A From that standpoint I can tell you what I know.  
 5 Q Go ahead and explain what you know about  
 6 the process.  
 7 A The manager would normally write down the minutes  
 8 during the board meeting.  
 9 Q The manager being who?  
 10 A Ted Hampton.  
 11 Q Okay.  
 12 A And then maybe the next day he would sit down with  
 13 his secretary and those would get typed up in  
 14 written format.  
 15 Q Do you know whether there was a corporate  
 16 secretary who attended the meetings also?  
 17 A Not to my knowledge. I'm sure one of the board  
 18 members was the secretary, but I don't recall  
 19 anyone else ever taking down any notes or anything  
 20 like that.  
 21 Q Okay. Do you know have any recollection  
 22 of CVE truck No. 61?  
 23 A No, sir.  
 24 Q Are you aware of a time when CVE may have  
 25 sold a truck to someone outside the

1 projections?  
 2 A I don't know of any way that we inflated the costs  
 3 of construction projects, other than the fact of  
 4 the question of whether they needed to be done or  
 5 not. I don't know of any way that we--that I  
 6 recall us inflating costs or anything like that.  
 7 Q Okay. Are there other relatives of Ted  
 8 Hampton's who either currently are or  
 9 ever have worked for CVE?  
 10 a Yes, sir.  
 11 Q Could you say who they are?  
 12 A I can try.  
 13 Q Okay.  
 14 A You've got Karen Hampton, that's Ted's sister-in-  
 15 law; Steve Hampton, which I guess Ted's his uncle;  
 16 Jay Hampton, it's Ted's first cousin.  
 17 Q Okay. And Elbert?  
 18 A Elbert Hampton is a member of the board of  
 19 directors.  
 20 Q We discussed John Rex, and you don't believe he's  
 21 ever been employed by CVE, is that...  
 22 A Not to my knowledge. I don't know that for a fact  
 23 though.  
 24 Q Okay. Any other Hamptons you can think  
 25 of?

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1 company?  
 2 A I don't recall anything about truck No. 61. We  
 3 have sold several trucks over the years to  
 4 different people.  
 5 Q Okay. Are you aware of a time when a  
 6 truck may have been involved in an  
 7 accident and just prior to the time it  
 8 was involved in an accident a new engine  
 9 was installed?  
 10 A No, sir.  
 11 Q Have you ever seen any former CVE trucks  
 12 on CVE property after they were sold to  
 13 somebody else?  
 14 A I don't recall.  
 15 Q Okay. Do you have any knowledge  
 16 concerning the company adding money to  
 17 work projects?  
 18 A Can you explain what you mean by adding money?  
 19 Q You had testified earlier that you had heard from  
 20 other people in the field that engineers and  
 21 staking people that they were under pressure to add  
 22 money to projects, is that correct?  
 23 A That is correct.  
 24 Q Do you have any personal knowledge of whether the  
 25 company inflated the costs of construction

1 A There's been a few part-time people over the years.  
 2 I don't recall all the names, but there's been  
 3 probably two or three that I can think of.  
 4 Q During the course of your employment with  
 5 CVE did anyone ever ask you to do  
 6 anything that you questioned or gave you  
 7 cause for concern?  
 8 A I was never directly asked to do anything that I  
 9 did not want to do. Things such as that check that  
 10 you presented to me earlier with SECC, that did  
 11 come across my desk and I did not want to sign my  
 12 name on that check because it did not look like a  
 13 normal piece--like a normal invoice would look, and  
 14 I think Wayne Bryant actually approved that  
 15 payment, but during that period of time I was  
 16 probably paying the majority of the bills, but...  
 17 Q Okay, so...  
 18 A But I've never been asked to do anything that I--  
 19 you know.  
 20 Q Let me just make sure I understand correctly. You  
 21 said with regards to this check, are you referring  
 22 to Attorney General Exhibit No. 3, is that the  
 23 check you were referencing?  
 24 A Yes, sir.  
 25 Q Okay, and you're saying that that check

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1 came across your desk for payment, is  
2 that correct?  
3 A The invoice, which was a plain white piece of  
4 paper.  
5 Q The invoice for it?  
6 A With some descriptions typed on it and just a--just  
7 the words that said total and amount.  
8 Q So just the total and amount, it didn't  
9 say the nature of the work on the  
10 invoice?  
11 A It had descriptions like worked on radio,  
12 changed...  
13 Q Oh, okay.  
14 A ...oil, that type thing.  
15 Q Okay. So during the normal course of  
16 your business duties there at CVE, did  
17 you ever--was it your responsibility to  
18 sign off on checks of this nature?  
19 A Yes, sir, it was--like I said, I paid a lot of the  
20 accounts payable invoices as well as Wayne Bryant.  
21 That's just one particular one that I just passed  
22 on to him.  
23 Q And tell me why you passed it on.  
24 A It just didn't look right. It...  
25 Q By right, you mean it did not look

1 A No, sir.  
2 Q I think you said earlier you have reason  
3 to fear losing your job?  
4 A Well, it's just an uncomfortable situation to have  
5 to come and answer questions of this nature with  
6 your boss looking at you I suppose, so that makes  
7 anyone apprehensive.  
8 Q And you're referring to the fact that Ted  
9 Hampton, at least during part of this  
10 deposition, was in the room here?  
11 A That is correct.  
12 Q And did you feel uncomfortable with him  
13 being here?  
14 A More so than I do now, yes, sir.  
15 Q And now he is not here?  
16 A That is correct.  
17 Q Do you have any other documents you would  
18 like to bring to our attention?  
19 A No, sir, I don't have any.  
20 MR. COOK: Okay. That's all the  
21 questions I have at this time.  
22 CROSS EXAMINATION BY MR. HAUSER:  
23 Q Robbie, let me ask you this. Mr. Hampton did have  
24 to leave to go to a funeral. Would there be  
25 anything in any of the questions asked by counsel

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1 appropriate?  
2 A Well, a normal invoice it's usually pre-printed.  
3 This was on a white piece of plain typing paper.  
4 Q Did it have the name of the vendor on it?  
5 A It had SECC at the top.  
6 Q Okay.  
7 a So I just--I didn't know if anything would ever  
8 come of it in the future, but I just didn't want  
9 to--I just didn't want to put my initials on there.  
10 Q Was the invoice signed by anybody, or did  
11 it have anybody's name on it, an  
12 individual name?  
13 A I don't think so.  
14 Q Can you think of anything else during the  
15 course of your employment at CVE where  
16 anybody asked you to do something that  
17 gave you cause for concern?  
18 A No, sir.  
19 Q Have you ever heard of CVE being referred  
20 to as Hampton Valley?  
21 A Yes, sir.  
22 Q In what context?  
23 A Just general talk amongst employees.  
24 Q Is there any other concern you would like  
25 to share with us?

1 prior to Mr. Hampton leaving that you would like to  
2 change now that he's not here? Would you answer  
3 them any differently?  
4 A No, sir.  
5 Q Thank you. Now, you say you have been  
6 employed since 19 what, '90?  
7 A That is correct.  
8 Q Was this your first job out of college?  
9 A Pretty much, first substantial job out of college.  
10 Q What did you do before that?  
11 A I worked down in Florida at a golf store, just  
12 miscellaneous jobs like that.  
13 Q So you want to say this is your first  
14 real job after college?  
15 A I would say that, yes, sir.  
16 Q Are you a CPA?  
17 A No, sir.  
18 Q You've got a degree in accounting?  
19 A My degree's in business administration.  
20 Q Okay. Is it true that the employees,  
21 including yourself, of Cumberland Valley  
22 Electric take great pride in the fact  
23 that they--that it has been able to  
24 maintain its rates at a low level for a  
25 long time?

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1 A Yes, sir.

2 Q Do you in fact, have you even bragged

3 about that, going to meetings throughout

4 the state and the country about the low

5 rates that Cumberland Valley Electric

6 has?

7 A I'm not one to brag, but that would be mentioned,

8 yes, sir.

9 Q As part of your position now do you take

10 part in some of the decisions in the

11 office there at Cumberland Valley

12 Electric?

13 A Robert Pravette, who was our previous office

14 manager, who is probably still an active employee,

15 I guess he's on vacation and that type thing until

16 he gets his time in, he's been gone about a month,

17 and I assumed his responsibilities.

18 Q So the answer to the question would be

19 yes you do?

20 A Yes, sir.

21 Q Prior to that did you--did anybody consult with you

22 about any decisions or...

23 A What type of decisions?

24 Q Just office decisions, just things that go on in

25 the office, just routine...

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1 A Maybe if we needed to purchase a certain computer

2 or need a processor machine we would talk about

3 that, Wayne Bryant, Robert Pravette and myself.

4 Anytime there was something like that going on or a

5 new computer system, we had to make a transition or

6 something, we would all discuss things like that.

7 Q I think you've already testified to, but

8 I just wanted to follow up with it. The

9 entire time that you worked at Cumberland

10 Valley Electric from 1990 until the

11 present, you've never been asked to do

12 anything you felt was improper or

13 illegal, have you?

14 A I have not been asked to do anything personally,

15 no, sir.

16 Q Do you know of anybody else that's been

17 asked to do anything improper or illegal?

18 A As regard to Joe Carroll, I know he worked very

19 hard on a work plan there for many years. I think

20 Ted wanted some things in that work plan that Joe

21 did not feel comfortable with. Now, whether or not

22 he was asked to put them in there and he turned him

23 down, I'm not sure what the details of that

24 conversation were, but that's--that's one thing

25 that comes to mind as far as being asked to do

1 something that you may not want to do.

2 Q Other than that, anybody else? Joe's

3 already testified about that. To your

4 knowledge anyone else?

5 A You'll have to ask them that. I--I do not know if

6 they...

7 Q I'm just asking if you know.

8 A I do not know.

9 Q Alright. So the answer's no, you don't

10 know...

11 A That's correct.

12 Q Shelton Construction Company, you ever heard of

13 Shelton Construction Company?

14 A Yes, sir.

15 Q What do they do?

16 A They do power line construction.

17 Q Do they do work for Cumberland Valley

18 Electric?

19 A Yes, sir.

20 Q Do you know if that's part of the bid process too,

21 do you know how that works?

22 A I don't know the details of the bid process. I

23 know that on occasion when those bids would come

24 due, I don't know how they obtained the bids, Ted

25 would call Wayne Bryant back to his office and they

1 would develop a list, and I know that the manager's

2 secretary would type it up. That's about my extent

3 of knowledge as far as how the bid process took

4 place.

5 Q You--there's an exhibit here, I believe

6 it is 1 to the--Exhibit 1 about check--

7 summary of the four--what has a summary

8 of four checks written to Ronnie Corey.

9 A Yes, sir.

10 Q Most of the testimony dealt with the

11 bulldozer or long track dozer and a--a

12 long track dozer I think most of the

13 testimony dealt with. To your knowledge

14 did that have a bush-hog on it? I think

15 you testified to that.

16 A There was one on it, or there was one attached to

17 it.

18 Q Was it--to your knowledge was that used

19 in the right-of-way?

20 A I have no idea. I really do not know.

21 Q Okay, I thought maybe you testified that it had

22 been used, but you don't know whether it was used

23 or not?

24 A I don't know what we used it for, if we used it for

25 construction or if we used it for right-of-way. I

1 would assume since it had a bush-hog attached to  
 2 it, you would use it for right-of-way.  
 3 Q Did you see it leave the yard to go to be  
 4 worked--used, to be used in the...  
 5 Q I know it was there quite often. It sat there for  
 6 many, many months. We would pass it every day  
 7 going to lunch, and then sometimes it would be  
 8 gone, but it was--it was probably there more than  
 9 it was gone.  
 10 Q So it was used, I mean off the yard some?  
 11 A It was.  
 12 Q So if someone said it never left the  
 13 yard, that wouldn't be accurate, would  
 14 it?  
 15 A It was gone some, but the majority of the time it  
 16 was on the lot.  
 17 Q There's also mention of some items that  
 18 were--and you paid payables from Knox  
 19 Auto Parts, is that correct?  
 20 A Pardon?  
 21 Q You also mentioned that there--you gave testimony  
 22 earlier that Cumberland Valley Electric bought  
 23 items, batteries I believe, alternators, auto  
 24 parts, miscellaneous equipment from Knox Auto  
 25 Parts?

1 purchased the same items and why we had so many  
 2 boxes of rags and that type of thing, and he--he  
 3 didn't have an explanation for it. That's the only  
 4 thing that was out of the ordinary I suppose.  
 5 Q You mentioned something about the board  
 6 minutes, this kind of thing, secretary of  
 7 the board. Now, your father was a member  
 8 of that board, was he not?  
 9 A That is correct.  
 10 Q You're not stating here today that you  
 11 don't think minutes are taken and  
 12 approved by the board, are you? Are you  
 13 saying that, that there's no minutes  
 14 taken of board meetings?  
 15 A The only thing I said is Ted Hampton would sit in a  
 16 board meeting and take notes on a pad similar to  
 17 what you have there, and the next day he would sit  
 18 down with his secretary and they would type those  
 19 minutes into the computer and print them out. I  
 20 would assume the board would get those minutes and  
 21 approve them.  
 22 Q Okay, that's...Mr. McCuen, Bogey as he's called I  
 23 suppose, do you know what capacity he worked for  
 24 Cumberland Valley Electric, in what capacity he  
 25 worked for Cumberland Valley Electric?

1 A That's correct.  
 2 Q And then you paid some of the--paid some  
 3 of the bills?  
 4 A Yes, sir.  
 5 Q Averaged around three to four thousand  
 6 dollars a month or something like that.  
 7 Do you have any personal knowledge of any  
 8 equipment or items on there that were  
 9 wrong priced, high, something that's out  
 10 of line or not or...  
 11 A I just know the number of items we bought, there  
 12 was kind of an inside joke on the number of boxes  
 13 of rags that we bought. We bought many, many boxes  
 14 of rags, and that's something that a lot of the  
 15 employees kind of thought was strange as to what we  
 16 would do with so many rags, but--and then there was  
 17 one incident that Joe Carroll reported to me that  
 18 he saw.  
 19 Q Did you ever pay any bills that you felt were  
 20 improper to Knox Auto?  
 21 A Well, all the bills I would--again, that's the time  
 22 I first started at Cumberland Valley, and we bought  
 23 many boxes of rags and we seemed to buy the same  
 24 items over and over, and I would inquire to Wayne  
 25 Bryant as to what we done with those and why we

1 A He was a contractor for many years. He would come  
 2 to work every day at 7:30 and stay late, but he was  
 3 a contractor, and then at some point in time he  
 4 became an employee at Cumberland Valley Electric.  
 5 Q Do you know how long he contracted for  
 6 Cumberland Valley Electric?  
 7 A I do not know the length of time, but it was a long  
 8 time.  
 9 Q And what was his job while he was a  
 10 contract--contract mechanic is what I'm  
 11 going to call him, and that may answer  
 12 the question, but...  
 13 A I don't know what all his duties was. He done--he  
 14 done pretty much a lot of different things to my  
 15 knowledge. He worked on trucks, if a truck broke  
 16 down he would go out and work on it. Just pretty  
 17 much whatever needed to be done. Whatever he was  
 18 told to do I think he pretty much did.  
 19 Q The video tape you've mentioned, who took  
 20 that video tape?  
 21 A We installed a video security system several years  
 22 ago, and it runs continually.  
 23 Q When was that installed, do you know?  
 24 A I do not know what year. But it would run  
 25 continually. Actually backed up on a DVR. You

1 know, you would see trucks in the lot all during  
2 the day and night. I remember looking back at that  
3 video during one of those periods of times and that  
4 was there, and for whatever reason I saved it, and  
5 we still have it there today.

6 Q You mentioned that, when asked a question  
7 about truck No. 61 you didn't know  
8 anything about that, but you indicated  
9 that trucks were sold. Are those  
10 advertised and sold and people bid on  
11 them, is that how that works?

12 A I think it's advertised some. Yeah, I think we ran  
13 some radio advertisements. We would take bids on  
14 those. I don't know if that's the case in all  
15 trucks or not, I just know--I know we do some that  
16 way.

17 Q But you don't have any personal knowledge  
18 if it's not--if they're not all done that  
19 way you don't...

20 A I do not know that.

21 MR. HAUSER: That's all I have at this  
22 time. I may have a couple more in a  
23 moment.

24 CROSS EXAMINATION BY MS. MITCHELL:

25 Q Mr. Tolliver, would you look at the Attorney

1 A So that's those two invoices totaled.  
2 MS. MITCHELL: I see, okay.  
3 Thank you. I have no further  
4 questions.

5 REDIRECT EXAMINATION BY MR. HOWARD:

6 Q I have just a few, Mr. Tolliver. Prior to today  
7 did you meet or contact anyone at the Attorney  
8 General's office?

9 A No, sir.

10 Q In regard to AG No. 1 currently before  
11 you, in the normal course of business,  
12 and I think you referred to this as a  
13 screen print, would this accurately track  
14 any invoices that would be--have the  
15 actual hard copy invoice, that this  
16 screen, would that track the invoice?

17 A You could see the invoice number here, the check  
18 number. You would have to actually go back to the  
19 stored documents to find the actual invoice.

20 Q Okay, and in the normal course of business would  
21 you think that this would be accurate?

22 A Can you explain your question?

23 Q Well, would you think this would accurately reflect  
24 the invoice?

25 A Yes, sir.

1 General's Exhibit 1 please? When you were--when  
2 you looked at this and reviewed it in your  
3 responses to Mr. Cook's questions about the dozer,  
4 can you explain to us, you said you work in  
5 accounting. Can you explain to us why it says on  
6 the second entry invoice amount is five thousand  
7 dollars, but the check amount was forty-five  
8 thousand dollars?

9 A I think those lines there are just kind of  
10 confusing you a little bit maybe. I think that the  
11 1998 GMC truck and bucket was...

12 Q Well, that was going to be my next  
13 question...

14 A No, I can't explain that. I'd have to take a look  
15 at that and see as to why that is.

16 Q Is that the same for the GMC truck and bucket...

17 A Maybe that's...

18 Q ...that says invoice amount is forty thousand?

19 A Okay, what the forty-five thousand dollars, it was  
20 probably paid on the same invoice, so if you added  
21 the forty and the five thousand you would get a  
22 total of forty-five thousand dollars. That may be  
23 the same. If you notice, that is the same check  
24 number, 22089.

25 Q Okay.

1 Q Are you familiar with this particular  
2 screen print?

3 A Yes, sir.

4 Q So you can attest to its accuracy to the best of  
5 your knowledge?

6 A Yes, sir.

7 MR. HAUSER: Noting the same concerning  
8 the original document, this is a screen  
9 print from a computer.

10 Q Mr. Tolliver, would you have access to the original  
11 invoices so noted on the screen print?

12 A Yes, sir, if they still exist in our--in our files  
13 they should be there.

14 MR. HOWARD: If I make a request to the  
15 utility company for that, may I do so  
16 without a subpoena duces tecum?

17 MR. HAUSER: Add that to your letter.

18 MR. COOK: If you do that, add the one  
19 for SECC also.

20 MR. HOWARD: I'll add it to the letter.

21 MR. COOK: The screen print for SECC  
22 also.

23 Q In the event that the invoices have been  
24 in fact destroyed, again, you would think  
25 they would track this particular

1 screening print, correct?  
 2 A That is correct. Every accounts payable invoice is  
 3 keyed into the system, and it is kept up with and  
 4 should be as accurate as the hard copy.  
 5 Q Looking at these particular invoices that  
 6 are here, in the normal course of  
 7 business for the company should these  
 8 invoices still exist in their retention  
 9 policy for documents to support the  
 10 screen print?  
 11 A I would think so.  
 12 Q There's been some reference to this video  
 13 by Mr. Hauser just a moment ago, and  
 14 seems like we talk about it--we talked  
 15 about it a few times, and we seem to be  
 16 getting a little bit more detail about  
 17 that. I think when you first testified  
 18 you'd indicated that the hood was up on a  
 19 truck, if I recall correctly. I don't  
 20 want to put words in your mouth, I'm just  
 21 trying to recollect your testimony.  
 22 A I've not saw that video in--in some time, I don't  
 23 remember exactly what you see. I know you see the  
 24 manager's brother walking around in the garage area  
 25 down there.

1 computer system to the next...  
 2 A That would be...  
 3 Q ...is that correct?  
 4 A That is correct.  
 5 Q Are hard copies of the documents from the  
 6 first system prior to the conversion, are  
 7 those saved?  
 8 A Hard copies, you're referring to things like  
 9 invoices and that type thing?  
 10 Q That support the entries to data base prior to the  
 11 conversion, are hard copies of those documents  
 12 saved after the conversion?  
 13 A I would think so. I do not know that is going to  
 14 be a fact, but I wouldn't think we would get rid of  
 15 any hard copies on things backing up those numbers.  
 16 Q So in the normal course of business you  
 17 would think they would be retained?  
 18 A I would think so.  
 19 Q You mentioned too that at one point in  
 20 time Elbert was serving, was actually  
 21 serving on the board for Jay Hampton if  
 22 I'm correct, but he was also working for  
 23 CVE?  
 24 A He was actually filling in for Jay Hampton, who was  
 25 on vacation.

1 Q And that would be...  
 2 A Going back and forth to a location there, but I  
 3 don't recall exactly what you see as far as...  
 4 Q And that brother's name would be?  
 5 A That was John Hampton.  
 6 Q When was the last time you checked on the  
 7 computer to make sure that that  
 8 particular video was still on the  
 9 computer, to the best of your  
 10 recollection?  
 11 A I would say maybe a month ago.  
 12 Q Have you heard of a conversion on the  
 13 computers that might take place at CVE?  
 14 A We will be changing systems sometime in the future,  
 15 yes, sir.  
 16 Q Have any conversions taken place today?  
 17 A We had a conversion in 1998.  
 18 Q Have any conversions taken place since  
 19 the filing of this rate increase?  
 20 A No, sir.  
 21 Q If there is a conversion are hard copies  
 22 of the documents stored? The hard--if I  
 23 understand correctly, and I'm just trying  
 24 to--walk me through this. A conversion  
 25 takes place where you go from one

1 Q So he was filling in as a CV employee?  
 2 A He was--he came down and performed his duties for  
 3 like a week while he was absent.  
 4 Q While he was doing that was he performing  
 5 any type of construction work on the side  
 6 for CVE?  
 7 A He was a CVE board member, but I do not know of any  
 8 construction that he was--that I'm aware of.  
 9 Q You've testified about the SEC checks,  
 10 and I'm just wanting to make sure I  
 11 understand. If I recall correctly, you  
 12 said that there were a number of checks,  
 13 is that correct?  
 14 A That is correct.  
 15 Q Do you remember the approximate number of those  
 16 checks?  
 17 A I do not.  
 18 Q Do you know for those checks that you saw an  
 19 approximate amount for those checks? To best of  
 20 your recollection. I'm not asking you to  
 21 speculate.  
 22 A I just know that they occurred over about a three  
 23 month period of time, and I think they totaled  
 24 around eleven or twelve thousand dollars, was my  
 25 recollection.

1 Q When did this occur, as in what period of  
 2 time, last year, the year before, do you  
 3 recall?  
 4 A It's been several years ago. I mean, if we can  
 5 look at the check it's probably got a date on it  
 6 here. This one is actually dated 12-15-1998,  
 7 referring to Exhibit No. 3.  
 8 Q Thank you, the AG Exhibit 3?  
 9 A That's correct.  
 10 Q Thank you.  
 11 MR. HAUSER: Exhibit 2 also has other  
 12 checks.  
 13 MR. HOWARD: Okay. Yeah, these are  
 14 hopefully--okay.  
 15 MR. HAUSER: Actually '98, they're all  
 16 '98.  
 17 Q Okay, I'm looking at Exhibit AG1, and  
 18 we're looking at what years for this?  
 19 Let's just make sure that we're clear for  
 20 the record.  
 21 MR. HAUSER: AG1's to Corey, AG2's the  
 22 one to SECC.  
 23 MR. HOWARD: I just wanted to make sure.  
 24 SECC was AG2?  
 25 MR. COOK: AG2.

1 there's been a accident down at the warehouse, you  
 2 need to come. I don't recall who that was.  
 3 Q Okay. The video, do we know when that  
 4 was taken that shows the truck?  
 5 A I do not know the date on that.  
 6 Q Okay.  
 7 A It would be stamped on the video though I would  
 8 assume.  
 9 Q As Mr. Hauser indicated, Mr. Carroll  
 10 testified this morning, and these  
 11 transcripts of course are available  
 12 publicly. Mr. Hauser indicated that Mr.  
 13 Carroll had testified about a particular  
 14 matter. Mr. Carroll had indicated to us  
 15 that you were in the room when a meeting  
 16 took place when Mr. Hampton stated in  
 17 concern to right-of-way contractors some  
 18 reference to that's my Florida money. Do  
 19 you recall any such statement?  
 20 A I've heard that statement many times over the years  
 21 in reference to different monies. I don't recall  
 22 that particular incident, but yeah, that--that's a  
 23 common term that we heard there.  
 24 Q By whom?  
 25 A Mr. Ted Hampton.

1 MR. HOWARD: Okay, there you go. And  
 2 then SEC '98, '99, okay, thank you.  
 3 Q You had indicated that you were familiar through  
 4 other sources that there was an injury to John  
 5 Hampton's foot when Elbert ran it over?  
 6 A Yes, sir, I was in the office when the ambulance  
 7 came through the lot, I recall that.  
 8 Q Okay, so you were there and you actually  
 9 saw the ambulance come in to assist?  
 10 A I saw it drive into the warehouse area down there,  
 11 and then I don't know what happened after that. I  
 12 just saw it go through the lot.  
 13 Q Okay. Did you--did I hear you reference  
 14 that it was an SET truck involved in the  
 15 incident?  
 16 A I would assume so. It was a tractor and trailer,  
 17 and from what I understood everyone saying that  
 18 Elbert climbed in the cab and pulled it up a little  
 19 bit, and it ran over his brother.  
 20 Q And when you say everyone was saying, who  
 21 was everyone?  
 22 A Just other employees. I mean, that was the word  
 23 that came back up when the injury occurred.  
 24 Q Do you remember the name of...  
 25 A I remember someone ran up and got Karen and said

1 MR. HOWARD: That's all the questions I  
 2 have at this time. Thank you.  
 3 RE-CROSS EXAMINATION BY MR. HAUSER:  
 4 Q Do you know what the retention policy is on  
 5 documents for Cumberland Valley Electric?  
 6 A I think we have a policy that says we will go by  
 7 RUS and FERK's guidelines.  
 8 Q And what are those guidelines, to your  
 9 knowledge?  
 10 A I cannot tell you what the details on--there's  
 11 different years that you retain certain documents,  
 12 depending on what they are. To my knowledge we  
 13 have never--we have never sat down with that  
 14 document and said okay we need to get rid of this  
 15 or we need to get rid of that. I don't think that  
 16 we actually gave that very much attention in that  
 17 area as far as how long we keep our documents or  
 18 when we get rid of them.  
 19 Q To your knowledge has there been any  
 20 documents destroyed that you've had to  
 21 look for you couldn't find?  
 22 A No, sir. I know they've...  
 23 Q Lost, any of them lost?  
 24 A Not to my knowledge.  
 25 Q So finding documents has never been a

1 problem from your perspective at  
 2 Cumberland Valley Electric?  
 3 A Nothing that I had to find, but that's all been,  
 4 you know, fairly recent.  
 5 Q Well, since you've been there, have you  
 6 ever heard of anybody that tried to find  
 7 a document or anybody that asked for a  
 8 document that wasn't made available to  
 9 them?  
 10 A No, I haven't.  
 11 Q And that would be from 1990 until the  
 12 present?  
 13 A Yes, sir.  
 14 MR. HAUSER: That's all.  
 15 MS. MITCHELL: I have no questions.  
 16 REDIRECT EXAMINATION BY MR. HOWARD:  
 17 Q One follow-up. You were getting ready to say  
 18 something and Mr. Hauser asked another question,  
 19 and I'm just wanting to understand. You said  
 20 something fairly recent or nothing fairly recent?  
 21 A I don't know of any documents that anyone has ever  
 22 tried to find that we don't have. I know we have  
 23 burned things on occasion in the past. As to what  
 24 was burned I do not know, but that's--that's not  
 25 been recently, and that may have just been to clean

1 mean, the boxes are mashed and that type of thing,  
 2 so they're just kind of piled in there. So that's  
 3 the only three locations I'm aware of that we have  
 4 documents stored.  
 5 Q And when did that movement take place?  
 6 A That's been several years ago as well. I don't  
 7 recall the exact year.  
 8 MR. HOWARD: Okay. That's all the  
 9 questions I have. Thank you.  
 10 MR. HAUSER: No other questions.  
 11 MR. HOWARD: Thank you, Mr. Tolliver.  
 12 MR. COOK: We thank you very much for  
 13 coming in.  
 14 (Deposition adjourned at 11:30 a.m.)  
 15 \* \* \* \* \*

1 out the warehouse or whatever, I don't know what  
 2 type of documents was actually burned. I know on  
 3 occasion Bogey McCuen would be the one who would  
 4 take care of those documents, like destroy them.  
 5 They may have been checks or things like that that  
 6 needed to be destroyed. I'm not sure what all he  
 7 has been instructed to do that way, but it's my  
 8 understanding that that has happened in the past.  
 9 Q And when you say the past, that was years  
 10 ago or months ago or weeks ago?  
 11 A Well, probably since I've been there, but I  
 12 don't...  
 13 Q Okay.  
 14 A Nothing that I'm aware of here recently that's been  
 15 destroyed or...  
 16 Q Have you seen any documents moved from  
 17 one building or location or another in  
 18 the recent time, as in...  
 19 A Not in recent times. Like I said, the only place I  
 20 know we store documents is in the vault where we  
 21 keep four or five years. We did move quite a few  
 22 documents from the basement of the engineering  
 23 building down to the warehouse area, and they are  
 24 just stored in a very unorganized manner up against  
 25 the wall, and they're not in very good shape. I

1 STATE OF KENTUCKY  
 2  
 3 COUNTY OF KNOX  
 4  
 5 I, Virginia Bunch, the undersigned Notary Public  
 6 within and for the State of Kentucky at Large, do hereby  
 7 certify that the foregoing was heard before me on the date  
 8 and for the purpose as set out in the caption thereto; that  
 9 before testifying, the witness was, by me, duly sworn; that  
 10 his testimony was taken down in shorthand and later reduced  
 11 to typewriting, and the foregoing is a true and correct  
 12 transcript of my notes; that no written request having been  
 13 received by me, the deposition was not read or subscribed to  
 14 by the witness.  
 15 Given under my hand this \_\_\_\_\_ day of January,  
 16 2006.  
 17  
 18  
 19 VIRGINIA BUNCH  
 20 NOTARY PUBLIC  
 21 STATE OF KENTUCKY AT LARGE  
 22  
 23 MY COMMISSION EXPIRES: May 30, 2008.  
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<p><b>- \$ -</b></p> <p>\$2,510.45 [1] 30:22 \$9,547.00 [1] 27:19</p> <hr/> <p><b>- * -</b></p> <p>'71 [1] 15:21 '90 [1] 68:6 '91 [1] 45:6 '98 [3] 85:15,16 86:2 '99 [1] 86:2</p> <hr/> <p><b>---</b></p> <p>-I'll [1] 21:19</p> <hr/> <p><b>- 1 -</b></p> <p>1 [6] 19:4,12 72:6,6 78:1 79:10 1-800-425-3132 [1] 1:30 1024 [1] 1:16 11:30 [1] 91:14 12-15-1998 [1] 85:6 19 [2] 1:12 68:6 1900 [1] 1:21 1970 [1] 15:21 1990 [5] 8:8 45:6 51:2 70:10 89:11 1998 [2] 78:11 82:17</p> <hr/> <p><b>- 2 -</b></p> <p>2 [2] 27:1 85:11 200 [1] 1:17 2005 [1] 1:12 2005-00187 [1] 1:5 2006 [1] 1:16 2008 [1] 1:23 206 [1] 1:11 211 [1] 1:18 22 [1] 26:19 22089 [1] 78:24 247 [1] 1:27 25E [2] 34:22,25</p> <hr/> <p><b>- 3 -</b></p> <p>3 [4] 30:9 64:22 85:7,8 3-67 [1] 2:7 30 [2] 23:13 1:23 311 [1] 3:7</p> <hr/> <p><b>- 4 -</b></p> <p>4 [1] 33:13 40601 [1] 1:19 40601-8204 [1] 1:17 40734 [1] 3:7 40769-2633 [1] 1:28</p>	<p><b>- 5 -</b></p> <p>5 [1] 46:9</p> <hr/> <p><b>- 6 -</b></p> <p>6 [2] 46:7 52:11 606 [1] 1:29 61 [3] 61:22 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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF DONALD LYNCH

\* \* \* \* \*

The deposition of DONALD LYNCH was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 12:20 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

\* \* \* \* \*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>DONALD LYNCH:</u>	
Direct examination by Mr. Cook:	3-35
Cross examination by Mr. Hauser:	36-41
Redirect examination by Mr. Howard:	42-45
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1                    DONALD LYNCH, having been first duly sworn by the  
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q                Could you state your name and address?

5 A                My home address?

6 Q                Yeah.

7 A                24--Donald Lynch, 2433 Hellard Road, Annville,  
8 Kentucky.

9 Q                Do you spell your last name L-y-n-c-h?

10 A               Yes, sir.

11 Q               Okay, great. Mr. Lynch, my name's Larry  
12 Cook. I'm with the Attorney General  
13 Office of Rate Intervention, and here to  
14 my right is my boss, Dennis Howard in the  
15 same unit. And I'm going to let the  
16 other people introduce themselves.

17                   MS. MITCHELL: I'm Anita Mitchell from  
18 Public Service Commission.

19                   MS. EDWARDS: I'm Andrea Edwards with the  
20 Public Service Commission.

21                   MR. RUSSELL: Elie Russell, Kentucky  
22 Public Service Commission.

23                   MR. HAUSER: This is Jim Adkins, who's  
24 helping us with rate, and I'm Pat Hauser  
25 for Cumberland Valley Electric.

1 Q And that's our court reporter. Well, Mr. Lynch, as  
2 you might know, Cumberland Valley has filed for a  
3 rate increase with the Public Service Commission,  
4 and what brings us here today is we want to  
5 interview some people about Cumberland Valley's  
6 business practices. Have you ever given a  
7 deposition before?

8 A No, sir.

9 Q One thing you need to keep in mind is  
10 that when you answer a question, you  
11 know, you say like yes or no, you can't  
12 like nod your head or shake it because  
13 that doesn't come across.

14 A What about, yes or no, is that it?

15 MR. HOWARD: Well, we might ask you to  
16 explain.

17 Q We might ask you to explain, yeah.

18 A Alright.

19 Q Now, if you don't understand a question  
20 please speak up and let us know.

21 A Okay.

22 Q And I'll repeat it or rephrase it. Otherwise,  
23 we'll assume that you did understand the question.

24 A Okay.

25 Q Okay. Alright, now, from time to time

1 the other attorneys in the room might  
2 interpose an objection for the record,  
3 and if they do that the court reporter  
4 will take down their objection, but you  
5 can go ahead and answer the question  
6 after they're finished.

7 A Okay.

8 Q Alright. And Mr. Lynch, do you realize  
9 that you're under oath?

10 A Yes.

11 Q Great, okay. Are you taking any  
12 medications or any other substance that  
13 might prevent you from giving honest and  
14 accurate answers today?

15 A No.

16 Q Okay. Is there any medication or substance that  
17 could interfere with your recollection that you're  
18 taking?

19 A No.

20 Q Okay, great. And is your presence here  
21 today in response to a subpoena that was  
22 served upon you to compel you to provide  
23 testimony?

24 A Yes, sir.

25 Q Thank you. Could you tell us about your

1 educational background?

2 A High school education.

3 Q Okay. And do you hold any professional

4 licenses?

5 A No, sir.

6 Q Alright, are you currently employed?

7 A Yes.

8 Q Where?

9 A Cumberland Valley Electric.

10 Q In what capacity?

11 A Engineering department, staking.

12 Q In staking?

13 A Uh-huh.

14 Q What do you do in staking?

15 A Well, you go out and visit with the new homes and

16 get service to them and assist them in

17 improvements, three phase lines and such.

18 Q Okay, so do you go out and do you actually like

19 plan the work...

20 A Yes.

21 Q ...that's going to be done?

22 A Yes.

23 Q Okay.

24 A The way to build the lines.

25 Q Okay, I understand. Has Ted Hampton

1                   approached you about your answers to the  
2                   questions that are...

3    A               No, sir.

4    Q               ...going to be posed to you today?

5    A               No, sir.

6    Q               Okay. Has anybody else with CVE  
7                   approached you?

8    A               No, sir.

9    Q               Okay. Has anybody at CVE directly or in  
10                   any way insinuated that you should have  
11                   amnesia or be forgetful?

12   A               No, sir.

13   Q               Are you in fear of losing your job if you  
14                   provide truthful answers to these  
15                   questions?

16   A               No, sir.

17   Q               Have you ever performed any work for CVE  
18                   in any other capacity?

19                               MR. HAUSER: Other than what he--I don't  
20                               understand.

21   Q               Other than what he's currently doing.

22   A               No, sir, really allergies and stuff if that's, you  
23                   know, be different than what I normally do. Like  
24                   snow storms and stuff, I'd go out and help on the  
25                   crews then.

1 Q Oh, okay. Alright, I understand. And  
2 when did you start working for CVE?  
3 A July of 1983.  
4 Q Has your employment been continuous since  
5 that day?  
6 A Yes, sir.  
7 Q During the course of your employment at  
8 CVE did you have opportunity to work with  
9 other employees?  
10 A Yes.  
11 Q Okay, who?  
12 A At Cumberland Valley?  
13 Q Yes.  
14 A Well, several different ones.  
15 Q Okay, go ahead and list them.  
16 A You mean in engineering department or...  
17 Q Oh, there and anywhere else.  
18 A Well, with all of them there at Cumberland  
19 Valley...  
20 Q Just about everybody?  
21 A Everybody.  
22 Q Okay. And does that include the manager,  
23 Ted Hampton?  
24 A Yes, sir.  
25 Q Alright. During the course of your

1 employment at CVE did you learn of the  
2 name of an individual named Ken Lay?  
3 A Yes, sir.  
4 Q Okay. Was Ken Lay ever an employee of  
5 CVE?  
6 A Not since I've been there.  
7 Q Okay, do you know whether Mr. Lay owns a  
8 business?  
9 A Yes.  
10 Q Okay, do you know the name of the  
11 business?  
12 A Yes, sir.  
13 Q What is it?  
14 A Lay Tree & Brush.  
15 Q Okay. Does that business do any work for  
16 CVE?  
17 A Yes, sir.  
18 Q What type of work?  
19 A Cutting right-of-way and chipping brush and that  
20 type.  
21 Q Okay. Is Mr. Lay in any way related to  
22 Mr. Hampton?  
23 A Yes, that's what I've been told, you know, that  
24 they're kin, but I don't know how or how much or  
25 what.

1 Q Alright. Do you know if Mr. Lay is  
2 related in any way to any other CVE  
3 employee?  
4 A No, sir.  
5 Q Or any CVE officer?  
6 A No.  
7 Q Or any CVE board member?  
8 A Yes, he'd be the same with Elbert Hampton, board  
9 member, as Ted.  
10 Q I didn't understand what you meant.  
11 A He would be the same relation as...  
12 Q Oh, okay.  
13 A To Elbert Hampton as he is Ted. You know, Elbert's  
14 a board member.  
15 Q And Elbert's a board member...  
16 A And Ted and Elbert's brothers.  
17 Q Ted and Elbert are brothers, okay.  
18 Alright. Do you have any knowledge about  
19 the billing arrangements between Mr.  
20 Lay's company and CVE?  
21 A Not at all.  
22 Q Okay. Do you know the basis for how Mr.  
23 Lay is paid for the services he and his  
24 company render to CVE?  
25 A The basic?

1 Q The basis.

2 A I think labor only. The way I understand it, labor  
3 only.

4 Q Okay. Is that by the job, monthly,  
5 hourly, weekly?

6 A I'm not sure.

7 Q Okay. So do you know if Mr. Lay bills  
8 for use of equipment?

9 A No, I don't know.

10 Q You don't know, okay. Are you familiar  
11 with a business that's called C&C  
12 Automotive Center?

13 A No, sir.

14 Q Does Mr. Lay provide the equipment that  
15 he uses to perform services for CVE?

16 A No, I don't--I don't think so.

17 Q Okay. Do you know who does provide that...

18 A I think CVE.

19 Q Okay. So Mr. Lay uses CVE equipment to  
20 do the job...

21 A Yes, sir.

22 Q ...that his company does for CVE?

23 A Yes, sir.

24 Q Okay. Does CVE have a similar  
25 relationship with other contractors, that

1 is, that CVE allows the contractor to use  
2 its equipment?  
3 A Yes, sir.  
4 Q Okay, what other contractors?  
5 A Five-C Construction.  
6 Q Okay. Any other contractors you can  
7 think of?  
8 A No.  
9 Q What about Shelton?  
10 A Shelton uses his own equipment.  
11 Q Okay. Do you know whether all of the  
12 contractors who bid on CVE projects are  
13 made aware of the fact that CVE provides  
14 equipment for its contractors to use?  
15 A No.  
16 Q You don't know that?  
17 A No, I don't.  
18 Q Do you know who at CVE was responsible  
19 for handling business operations with  
20 right-of-way contractors?  
21 A I think Mr. Hampton handles that.  
22 Q Do you know whether Mr. Hampton managed  
23 business relations with all CVE's  
24 contractors?  
25 A I'm not sure.

- 1 Q Okay, okay. Did Ted Hampton hold staff  
2 meetings with his staff from time to  
3 time?  
4 A Yes.  
5 Q Did you ever attend any of those  
6 meetings?  
7 A No.  
8 Q Okay. Do you know whether anyone ever  
9 made any suggestions to Ted Hampton about  
10 ways to reduce expenditures on the right-  
11 of-way program?  
12 A No.  
13 Q You don't know whether anybody did?  
14 A (No audible answer).  
15 Q Was there any particular piece of equipment that  
16 CVE owns that came to your attention?  
17 A No.  
18 Q In terms of all the equipment that CVE allows its  
19 contractors to use, is there one piece that's more  
20 expensive than any other that you can think of?  
21 A Probably a line truck, or bucket truck.  
22 Q Okay. What about, does CVE own a  
23 bulldozer?  
24 A Yes, sir.  
25 Q Does CVE allow its contractors to use

1                   that bulldozer?

2    A                Yes, sir.

3    Q                Do you have any knowledge regarding the

4                    price of that bulldozer?

5    A                No, sir.

6    Q                Alright. To your knowledge did any CVE

7                    employees ever make use of the bulldozer?

8    A                Not to my knowledge.

9    Q                So to your knowledge the people who used the

10                   bulldozer would have just been the contractors, if

11                    I understand your testimony correctly?

12   A                Well, for right-of-way.

13   Q                For right-of-way?

14   A                With--can I say something else?

15   Q                Sure.

16   A                With exception, you know, that Cumberland Valley

17                    employees use it some to do certain jobs around the

18                    office and stuff like that or certain projects.

19   Q                Okay, alright. Do you know who Ronnie

20                    Corey is?

21   A                Yes, sir.

22   Q                I think you may have answered this

23                    previously, I apologize if you have. Is

24                    Ronnie a friend of Ted Hampton's?

25   A                A what?

- 1 Q Is Ronnie Corey a friend of Ted Hampton?
- 2 A Yes.
- 3 Q Do you know whether Mr. Corey is in any
- 4 way related to any current or former CVE
- 5 employee?
- 6 A No.
- 7 Q Do you know if...
- 8 a I'm not sure.
- 9 Q I'm sorry?
- 10 A I don't know.
- 11 Q Do you know whether Mr. Corey might be
- 12 related in any way to any current or
- 13 former CVE director?
- 14 A Former.
- 15 Q Former? So you believe that he was
- 16 related to a former director?
- 17 A Yes.
- 18 Q Do you know who that former director was?
- 19 A His dad.
- 20 Q Do you know his name?
- 21 A Harry. Harry Corey.
- 22 Q Harry Corey. Does Ronnie Corey own a
- 23 business?
- 24 A Yes.
- 25 Q And what is the name of that business?

1 A Five-C Construction.

2 Q What is the nature of the business that--

3 well, let me go back. Do you know

4 whether Five-C does any business with

5 CVE?

6 A Yes.

7 Q And what is the nature of that business?

8 A Building power lines.

9 Q Okay. Do you know who sold the bulldozer

10 to CVE?

11 A Let me think. Yes.

12 Q Okay, who did?

13 A Ronnie Corey.

14 Q Okay. And do you have any idea how much

15 that...

16 A No, sir.

17 Q And I understand that would be outside

18 your area.

19 A Right.

20 Q Do you have any knowledge about billing

21 arrangements for the occasions when the

22 contractors would use the bulldozer?

23 A No.

24 Q Okay. And do you know who the accountant

25 for Five-C Construction was?

- 1 A No.
- 2 Q Do you know an individual by the name of
- 3 Wayne Bryant?
- 4 A Yes, sir.
- 5 Q Now, how did you come to know him?
- 6 A He's an employee of Cumberland Valley, bookkeeper.
- 7 Q Bookkeeper?
- 8 A Uh-huh.
- 9 Q And about how long did he work there?
- 10 A Better than 30 years. Over 30 years.
- 11 Q Is he still there?
- 12 A No, sir.
- 13 Q So he's retired?
- 14 A Yes.
- 15 Q Are you familiar with someone named John
- 16 Rex Hampton?
- 17 A Yes, sir.
- 18 Q How are you familiar with him?
- 19 A It's Ted's brother.
- 20 Q Okay. Is John Rex Hampton married?
- 21 A Yes, sir.
- 22 Q Do you know his wife's name?
- 23 A Karen.
- 24 Q Is Karen employed at CVE also?
- 25 A Yes, sir.

1 Q Do you know what she does at CVE?  
2 A She's in the accounting department there. I don't  
3 really know what all she does.  
4 Q Okay, alright. Do you know whether John  
5 Rex Hampton has ever worked for CVE?  
6 A Not to my knowledge.  
7 Q Okay. Do you know whether John Rex  
8 Hampton has ever worked on any CVE  
9 vehicles?  
10 A Worked on any vehicles?  
11 Q Yeah, vehicles that the company, CVE owns?  
12 A I'm not sure.  
13 Q Okay, alright. Does CVE employ the services of a  
14 full-time mechanic to work on its vehicles?  
15 A Now they do, yes, sir.  
16 Q Do you know who that is?  
17 A Bogey McCuen.  
18 Q Bogey McCuen?  
19 A Uh-huh.  
20 Q Okay. Do you know about how long he's  
21 been doing that?  
22 A I'd say roughly five years. You know, I'm not  
23 sure.  
24 Q Okay, you're not sure?  
25 A Not the exact time.

- 1 Q In Karen Hampton's work in the accounting  
2 department, do you know if she has the ability to  
3 execute financial documents like payments to  
4 vendors?
- 5 A Well, she makes--she does our checks. I don't know  
6 if she does all of them.
- 7 Q Checks to whom?
- 8 A Payroll checks.
- 9 Q Payroll checks?
- 10 A You know, to the company.
- 11 Q Okay. Have you ever heard of an entity known as  
12 SECC?
- 13 A Could you explain that a little more?
- 14 Q Have you ever heard of a business called S--it's  
15 just the letters SECC.
- 16 A No, sir.
- 17 Q Never have heard of that, okay. Have you  
18 ever heard of a business called Southeast  
19 Petroleum?
- 20 A Yes, sir.
- 21 Q Okay, how did you run across that  
22 business?
- 23 A They was supplying--you know, getting gas from  
24 them.
- 25 Q They meaning the company was getting...

- 1 A Cumberland Valley.
- 2 Q Okay, they were getting gas for its trucks you  
3 mean?
- 4 A Yeah, gas and diesel.
- 5 Q And diesel?
- 6 A Both.
- 7 Q Do you know whether J. R. Hampton was  
8 involved in that, in Southeast Petroleum?
- 9 A Who?
- 10 Q J. R., John Rex Hampton.
- 11 A Well, yes.
- 12 Q Okay, you do know, so was he or was he  
13 not?
- 14 A Well, I think he was one of the partners in it or  
15 something, the way I understood it.
- 16 Q Okay.
- 17 A But I'm not a hundred percent sure.
- 18 Q I understand. I appreciate your  
19 explaining the extent of your knowledge,  
20 it's very helpful. Do you know about how  
21 long that relationship with Southeast  
22 Petroleum lasted? Just roughly, I know  
23 you can't give exact dates.
- 24 A Probably roughly two years or so.
- 25 Q So these purchases that CVE made from

1 Southeast Petroleum, that was like for  
2 bulk fuel?  
3 A Yes.  
4 Q Okay, okay. Now, at the times that CVE  
5 obtained fuel from Southeast Petroleum,  
6 do you know whether Southeast placed any  
7 bids for fuel from any other vendors?  
8 A No.  
9 Q You don't know?  
10 A I don't know.  
11 Q Okay. And have you ever heard of a  
12 business called Southeast Petro Mart?  
13 A No, sir.  
14 Q Okay. And have you heard of a business  
15 called Southeast Transport?  
16 A I'm not sure.  
17 Q Okay.  
18 A About that one.  
19 Q You paused for a moment and it made me  
20 wonder if maybe you had...  
21 A Well, I...  
22 Q I was just wondering if you had ever  
23 heard of it.  
24 A Southeast Petroleum, you know, was still on my  
25 mind, you know, I knew that, but Southeast

- 1 Transport it don't ring--it don't come to my mind.
- 2 Q Okay. Did you ever see any semi trucks
- 3 parked on CVE property?
- 4 A Yes, sir.
- 5 Q Okay. And do you know what they were
- 6 doing there?
- 7 A No, sir, I don't.
- 8 Q We know from previous discovery that the company
- 9 has stated that Ted Hampton was the owner of
- 10 Southeast Transportation, so when you paused about
- 11 wondering whether you knew anything about Southeast
- 12 Transport, have you ever heard about John Rex
- 13 Hampton being involved with that company?
- 14 A I've heard of John in--you know, in the trucking
- 15 business, you know, trucking with Southeast
- 16 Petroleum and trucks and stuff is all I know.
- 17 Q Okay. Were you familiar with an incident
- 18 that happened where John Rex Hampton was
- 19 injured when somebody ran over him?
- 20 A No, sir.
- 21 Q Do you know whether any Cumberland Valley
- 22 employees ever worked on Southeast
- 23 Transportation trucks?
- 24 A I'm not aware of it.
- 25 Q Okay. Do you know of any photos or

1 videos that might show CVE employees  
2 working on vehicles that were not owned  
3 by CVE?  
4 A No, I don't know, I'm not aware of any.  
5 Q Okay, alright. Have you ever heard of  
6 any Southeast Transport employees coming  
7 onto CVE property?  
8 A Not that--that name, no.  
9 Q Okay. Okay, did you ever observe any  
10 employees with any trucking company that  
11 you knew was affiliated with John Rex  
12 Hampton, did you ever see them on the  
13 property?  
14 A Yes, sir.  
15 Q Okay, tell me about the--did that happen  
16 frequently?  
17 A Not real frequently it didn't seem like.  
18 Q Okay.  
19 Q You know, just every once in a while you'd see one  
20 or something.  
21 Q Okay. And you were--the nature of your  
22 duties, you'd be out in the field quite a  
23 bit?  
24 A Yes, sir. That's right.  
25 Q Right. Do you know whether anybody from

1 Southeast Transport ever conducted any  
2 business with CVE?  
3 A I don't know.  
4 Q Have you ever heard of a business called  
5 Knox Auto Parts?  
6 A Yes, sir.  
7 Q How did you hear about that?  
8 A Well, we got--Cumberland Valley bought a lot of  
9 parts, you know, from that place and may still do,  
10 I'm not sure.  
11 Q Okay. What kind of parts did they buy?  
12 A For truck parts and about anything, you know,  
13 plumbing supplies and stuff.  
14 Q Plumbing supplies from...  
15 A They sold plumbing...  
16 Q ...an auto parts store?  
17 A Plumbing and electrical and auto and everything.  
18 Q So when you say everything, that sounds  
19 like quite a bit. A broad range?  
20 A Yeah.  
21 MR. COOK: Well, let the record reflect  
22 that Mr. Hampton has returned to the  
23 room.  
24 Q Do you know how long the business  
25 relationship between CVE and Knox Auto

1                   Parts lasted?

2    A               No, sir.

3    Q               Do you have any knowledge regarding how

4                   much business in dollar figures was

5                   transacted monthly between the two?

6    A               No, sir.

7    Q               Okay. Do you know anything about an individual

8                   named Steve Hampton?

9    A               Yes, sir.

10   Q               Does he bear any relationship with Ted

11                   Hampton?

12   A               Yes, sir.

13                   MR. COOK: Let the record

14                   reflect the witness was looking

15                   toward Mr. Hampton.

16   Q               Does Steve Hampton play any role in Knox Auto

17                   Parts?

18                   MR. HAUSER: Let the record reflect I

19                   don't think he was, you know.

20                   MR. COOK: No, it was clear to me.

21   Q               Does Steve Hampton play role in Knox Auto

22                   Parts?

23   A               Yes, sir.

24   Q               Okay, do you know what role he played?

25   A               I think, if I remember, he owned it there for a

- 1 short time or something.
- 2 Q Okay. Do you know for how long the relationship
- 3 lasted between Knox Auto Parts and CVE?
- 4 A No, sir.
- 5 Q Do you have any knowledge of where CVE's
- 6 records are stored?
- 7 A No, sir.
- 8 Q And do you know anything about Elbert
- 9 Hampton?
- 10 A Yes, sir.
- 11 Q What is his relationship with Ted
- 12 Hampton?
- 13 A Brother.
- 14 Q Is Elbert on the board of directors of
- 15 CVE?
- 16 A Yes, sir.
- 17 Q Do you know who he replaced?
- 18 A Yes, sir.
- 19 Q Do you know why he--why he was put onto
- 20 the board?
- 21 A No, sir.
- 22 Q Did Elbert Hampton play any role in Knox
- 23 Auto Parts to your knowledge?
- 24 A Not to my knowledge.
- 25 Q Do you know whether Elbert was ever

1                   involved in any other businesses?

2    A                No, sir.

3    Q                You're saying you don't know?

4    A                No, I don't know.

5    Q                Do you know whether Elbert was ever an

6                    employee of CVE?

7    A                Yes, sir, he was.

8    Q                He was? Do you know what he did when he

9                    was an employee of CVE?

10   A               He was superintendent of operations.

11   Q                Okay, alright. Do you know for about how

12                    long he did that?

13   A                Roughly 30 years.

14   Q                Okay, alright. Do you know whether at anytime

15                    during the time when Elbert was an employee of CVE

16                    did that overlap with a time that he was also on

17                    the board of CVE?

18   A                No, sir.

19   Q                You don't know?

20   A                He wasn't on the board when he was employed.

21   Q                So you know that for a fact?

22   A                Yes.

23   Q                Do you have any knowledge of Elbert receiving

24                    payments from CVE for construction work he

25                    performed?

- 1 A No, sir.
- 2 Q Have you ever witnessed or otherwise  
3 learned of Elbert Hampton filling up his  
4 personal vehicle with CVE gasoline?
- 5 A Not to my knowledge. No.
- 6 Q Have you ever seen Elbert Hampton leaving  
7 the CVE warehouse with his arms full of  
8 materials and placing them into his  
9 personal vehicle?
- 10 A No, sir.
- 11 Q Have you ever heard of a business called  
12 Hubbs Creek?
- 13 A Mining, Hubbs Creek Mining.
- 14 Q Okay. Do you know if that business  
15 conducts any business with CVE?
- 16 A We serve power, serve them with power.
- 17 Q Does the name Terry McCreary mean anything to you?
- 18 A No, sir.
- 19 Q Do you know whether Hubbs ever performed  
20 any mechanical work on CVE vehicles?
- 21 A I'm not sure.
- 22 Q Have you heard of a business called Air Gas?
- 23 A No, sir.
- 24 Q Do you have any knowledge about a power  
25 line that was run to a cabin off of Red

1 Bird Road?

2 A Yes, sir.

3 Q Do you know who owned that cabin?

4 A No, I can't remember now.

5 Q Does the name J. B. Johnson mean anything

6 to you?

7 A Well, he was--I know him, know who he was, but I

8 can't remember pertaining to any jobs.

9 Q Okay. So you don't--you couldn't--cannot

10 recollect whether the cabin may have been

11 owned by J. B. Johnson?

12 A No. I don't--I don't recollect that.

13 Q What about the name Bill Nighbert?

14 A Neither Bill Nighbert. I don't remember what--I

15 remember building a line to a cabin, but I don't

16 remember what name it was in.

17 Q Okay. So you do have some knowledge of a

18 line that was run to a cabin off of Red

19 Bird Road?

20 A Yes.

21 Q Was this a job where the customer would

22 have had to pay for a portion of that

23 work?

24 A Yes.

25 Q Okay. Do you know whether the customer

- 1 was charged for that work?
- 2 A I don't remember. It's been--been a long time.
- 3 Q Okay. Do you know if the cabin is
- 4 metered?
- 5 A Yes, it is.
- 6 Q Alright. Do you know anything about the
- 7 laying of a line to the Whitley County
- 8 School System, an underground line?
- 9 A Yes, sir.
- 10 Q Was this a line for which the customer
- 11 should have borne at least part of the
- 12 cost?
- 13 A I'm not sure.
- 14 Q Okay. Do you know whether Whitley County School
- 15 System paid for any portion of that cost?
- 16 A I'm not sure on that.
- 17 Q Do you know where Ted Hampton's wife
- 18 works?
- 19 A Yes, sir.
- 20 Q Where is that?
- 21 A Worked for the Whitley County Board, or school
- 22 system some way.
- 23 Q Does John Hampton's daughter also work
- 24 for the same school system?
- 25 A I'm not really sure.

- 1 Q Okay. In the course of your employment  
2 with CVE have you ever learned of power  
3 lines being laid, which in your opinion  
4 were not necessary?
- 5 A No, sir.
- 6 Q How about jobs such as transformers, meters and  
7 three phase?
- 8 A Pertaining to what?
- 9 Q Have you, in the course of your employment, have  
10 you ever learned of jobs for transformers, meters  
11 and three phase which were not necessary?
- 12 A No, sir.
- 13 Q Do you have any knowledge regarding any  
14 other work that CVE conducted that may  
15 have been unnecessary?
- 16 A No, sir.
- 17 Q Now, Mr. Lynch, we know from our written  
18 discovery that CVE obtains at least a  
19 portion of its funding from RUS loans?
- 20 A Yes, sir.
- 21 Q Do you know what the proceeds of those  
22 loans are spent on?
- 23 A Yes, sir.
- 24 Q What is it?
- 25 A System improve--improve the system jobs is all I'm

1                   involved in.

2    Q               Is it used to help for construction of

3                   jobs also?

4    A               Yes, sir.

5    Q               And does that construction also include

6                   clearing right-of-way?

7    A               It's--it should be all together, right-of-way for

8                   the new lines we're building.

9    Q               Okay.

10   A               Upgrades.

11   Q               Have you ever attended a CVE annual

12                   meeting?

13   A               Yes, sir.

14   Q               Do you have any knowledge regarding how an

15                   individual comes to be on the CVE board of

16                   directors?

17                   Not really, no, sir.

18   Q               Okay. At the annual meetings did you

19                   ever hear--did you ever hear any

20                   announcements being made to CVE members

21                   that it was time for the election of

22                   board of directors?

23   A               Yes, sir.

24   Q               You did? At the annual meetings were

25                   there any ballot boxes made available to

1 accept votes?

2 A I'm not sure.

3 Q Do you know how board of director members  
4 are nominated?

5 A No, sir.

6 Q Do you have any knowledge about the  
7 keeping of CVE corporate minutes?

8 A No, sir.

9 Q Do you recall anything about a CVE truck  
10 that the company no longer owns which was  
11 called CVE truck No. 61?

12 A No, sir.

13 Q Do you have any knowledge about a CVE  
14 truck that was involved in an accident  
15 and then was sold to somebody?

16 A I'm not aware of it.

17 Q That doesn't ring any bell with you?

18 A No.

19 Q Do you have any knowledge about the company adding  
20 money to work projects?

21 A Adding money? For lines, building lines or...

22 Q Of construction projects, right.

23 A I'm not sure.

24 Q Did anyone ever tell you or did you ever  
25 hear of anyone at the company saying we

- 1 had to add more money to the projects?
- 2 A No, sir.
- 3 Q Did anyone ever tell you that we have to
- 4 keep the contractors busy?
- 5 A No, sir.
- 6 Q In the course of your employment with CVE
- 7 did you ever learn of any power lines
- 8 being laid which in your opinion were not
- 9 necessary?
- 10 A No, sir.
- 11 Q Are there other relatives of Ted
- 12 Hampton's who either currently are or
- 13 ever have worked for CVE?
- 14 A Read that again.
- 15 Q Are there any other relatives of Ted
- 16 Hampton's who either now work for CVE or
- 17 ever had worked for CVE? Because we
- 18 discussed Elbert, and then we discussed
- 19 Steve.
- 20 A And Karen.
- 21 Q And Karen. Do you know of any...
- 22 A That's it.
- 23 Q ...other relative? Have you ever heard
- 24 of a William Hampton?
- 25 A Yes, I started to say Jay, William Jay.

1 Q Oh, okay. He goes by Jay also?

2 A Yeah.

3 Q Okay. And what does he do?

4 A He's a line superintendent.

5 Q Okay, how long has he done that?

6 A Probably five or six years or so now.

7 Q Do you know how long he's worked there at CVE?

8 A Better than 30 years.

9 Q Okay. Do you know what Jay Hampton did

10 previously?

11 A Yes, sir, he was a lineman and a service guy,

12 serviceman.

13 Q During the course of your employment with CVE did

14 anyone ever ask you to do anything that you

15 questioned or gave you cause for concern?

16 A No, sir.

17 Q Now, have you ever heard CVE being referred to as

18 Hampton Valley?

19 A No, sir.

20 Q Is there any other concern you'd like to

21 share with us today?

22 A No, sir.

23 MR. COOK: That's all the questions I

24 have right now.

25

1 CROSS EXAMINATION BY MR. HAUSER:

2 Q I have a few questions to ask you, Mr. Lynch.

3 A Okay.

4 Q What was your--what is your job as a staking person  
5 for Cumberland Valley Electric?

6 A Lay out the lines for new homes and trailers and  
7 upgrade system.

8 Q Who do you work directly under now?

9 A Mark Abner.

10 Q He's an engineer?

11 A Yes, sir.

12 Q When you lay out a line or something,  
13 does Mr. Abner review those things too,  
14 generally?

15 A The bigger jobs, yes.

16 Q Prior to you working for Mr. Abner did  
17 you work for Joe Carroll?

18 A Yes, sir.

19 Q How long do you recall working for Joe?

20 A Probably five years or so, around five.

21 Q Were you in another--you're in engineering now I  
22 take it, is that correct?

23 A Yes.

24 Q Were you in another position prior to  
25 going into engineering?

1 A No, sir.

2 Q Well, Mr. Carroll testified that he

3 worked for Cumberland Valley Electric

4 from May 4, 1995, through July the 27th

5 of last year, 2004. Do you have any

6 reason to believe that's not accurate?

7 A No, there's no reason.

8 Q Would you have worked with him?

9 A Yes, sir.

10 Q He was in engineering the entire time he working

11 here?

12 A Yes, sir.

13 Q Did you know that Mr. Carroll was in charge of the

14 Turtle program?

15 A Yes, sir.

16 Q What did you understand that he did with regard to

17 the Turtle program?

18 A Well, I think he ordered, you know, seen what we

19 needed to order, the meters and programming

20 equipment and all that stuff.

21 Q Did he--as part of his employment and part of his

22 job, do you know whether or not he, in addition to

23 Turtles, adding Turtles to meters, did he do any

24 three phase metering or any metering that would

25 have been required for commercial jobs? Was he

1 involved in that or not? If you have knowledge of  
2 that.

3 A Yeah, he was involved in that some.

4 Q Well, do you know what his involvement was?

5 A Wiring the meters up and stuff, you know, for the  
6 CT meters and stuff like that on the three phase  
7 loads, some of them. He did some.

8 Q Some of the newer mete--some of the newer  
9 meters, are they required to have some  
10 kind of computer program with them?

11 A Yes, sir.

12 Q Tell us what you know about the computer  
13 program.

14 A Well, not very much on computer.

15 Q Who would manage--those meters that were  
16 required to have some kind of computer  
17 input, who handled all that?

18 A Joe.

19 Q While Joe was there did anybody else  
20 handle the metering, the computer aspect  
21 of metering at Cumberland Valley Electric  
22 to your knowledge?

23 A Not to my knowledge.

24 Q As part of your routine work day do you routinely  
25 report to the Gray office where Cumberland Valley's

1 located?

2 A Yes, sir.

3 Q Is that a routine, do you ever go out on  
4 the job directly, or is that...

5 A Occasionally.

6 Q Let me ask you this, did Mr. Carroll, was he there  
7 regularly five days a week while he was working at  
8 Cumberland Valley Electric?

9 A No, sir.

10 Q How often was Joe actually at work at the office  
11 where you checked in?

12 A Well, the last couple of years not very often.

13 Q From whom did you get your supervisory  
14 orders to tell you what to do that day if  
15 Joe's gone?

16 A Well, we normally--our normal work comes in and we  
17 get each area engineer's got their area of work and  
18 we normally just get it and take care of it.

19 Q And is that what you explained earlier...

20 A Yes.

21 Q ...that somebody would bring by a new  
22 hookup that had to be...

23 A Yes.

24 Q ...made or something of that nature?

25 A Yes, sir.

- 1 Q Did you ever have an occasion to try to  
2 get up with Mr. Carroll in those last two  
3 years and not able to get up with him?
- 4 A Yes, sir.
- 5 Q To your knowledge when Mr. Carroll wasn't  
6 there did he advise you where he was so  
7 you could get up with him?
- 8 A No, sir.
- 9 Q Anybody in the office?
- 10 A No, sir.
- 11 Q Were you aware that Mr. Carroll did work  
12 for other co-ops?
- 13 A Yes.
- 14 Q And what were you aware that he did for  
15 other co-ops?
- 16 A I think he was helping them on the Turtle system is  
17 the way I understood it. You know, get their  
18 Turtle system, some of them going.
- 19 Q Were you aware that he had an employment  
20 relationship with Hunt Technologies at the time he  
21 was working there?
- 22 A No, I didn't--wasn't aware of it.
- 23 Q Are you aware now, do you know now that  
24 he did or didn't?
- 25 A No.

1 MR. COOK: I'm going to object to the  
2 characterization as employment, just for  
3 the record.

4 Q Let me repeat the question. Are you  
5 aware that he had any arrangement with  
6 Hunt Technologies, whether it was  
7 employment or whether it was an incentive  
8 to get a commission on all Turtle sales  
9 that he might have made, say from 2001 to  
10 2004, were you aware that anything like  
11 that existed?

12 A I wasn't aware of it.

13 Q Joe never talked with you about making money on  
14 selling Turtles to other co-ops?

15 A No.

16 Q And you don't know today whether he did  
17 or not?

18 A No, I don't.

19 Q And you've testified that to your  
20 knowledge there were no lines installed  
21 that were not necessary to be installed?

22 A Right.

23 MR. HAUSER: That's the only questions I  
24 have.

25 MS. MITCHELL: I have no questions.

1 REDIRECT EXAMINATION BY MR. HOWARD:

2 Q Just a few if I may, sir. You were asked earlier  
3 about Ken Lay, whether he was ever an employee of  
4 CVE, and you said not since you were there. How  
5 about before you were there, do you know whether...

6 A Yes, sir.

7 Q He was a board member?

8 A No.

9 Q Or he was an employee?

10 A Employee.

11 Q This location on Red Bird Road where, if  
12 I understood correctly, you helped run  
13 the power line out there?

14 A Surveyed the line, yes.

15 Q When was that? Was that two years ago, a  
16 year ago, three years ago, approximate?

17 A I'd say a good, at least two years.

18 Q Would you have records of the location,  
19 the exact location of structure to which  
20 you ran that line?

21 A Yes, sir.

22 MR. DENNIS: Mr. Hauser, if I incorporate  
23 that in a letter may I get that from you?

24 MR. HAUSER: Yes.

25 Q Insofar as Mr. Carroll goes, he was your

1 boss. Did you know where he was at any--  
2 in every given time?  
3 A No.  
4 Q And ultimately I assume that Mr. Ted  
5 Hampton was the boss of Joe as well,  
6 right?  
7 A Yes.  
8 Q Do I assume that you would not know where  
9 Mr. Hampton was at any and every given  
10 time?  
11 A No, sir.  
12 Q This bulldozer that we've discussed, have  
13 you seen it?  
14 A Yes.  
15 Q Can you describe it to me? What's the  
16 make and model, size and the like?  
17 A It's a John Deere. I'm not much on equipment. I  
18 think it was a, seem like a 550 or something, I  
19 don't know.  
20 Q 550?  
21 A Yeah.  
22 Q Any type of devices attached to it, bush-  
23 hog, something like that?  
24 A Bush-hog.  
25 Q Standard size or any particular details that would

1 stand out?

2 A I believe it's a six foot bush-hog.

3 Q Did you ever operate it?

4 A No, sir.

5 Q Did you ever see it being operated

6 personally?

7 A Yes, sir.

8 Q And for what purpose was it used?

9 A Bush-hogging right-of-way.

10 Q What type of right-of-way, can you

11 describe that to me? Are we talking

12 about going up and down mountains or...

13 A Yes, sir.

14 Q ...fields?

15 A Both.

16 Q So that was being operated by CVE or its

17 contractors or both?

18 A Contractors.

19 Q Primarily contractors, exclusively contractors?

20 A Primarily, you know.

21 Q Are you aware of the purchase--well, I think that

22 you'd indicated earlier and correct me if I'm

23 wrong, that that was purchased by CVE from Ronnie

24 Corey?

25 A Yes, sir.

1 Q When it was purchased was it functional?

2 Or did Bogey have to work on it?

3 A I'm not sure.

4 Q Were you there when it showed up?

5 A No, sir.

6 Q Do you remember when it showed up?

7 A I don't remember.

8 MR. HOWARD: That's all the questions I  
9 have.

10 MR. HAUSER: No other questions.

11 MS. MITCHELL: No more questions.

12 MR. HOWARD: Thank you, sir.

13 MR. COOK: Thank you very much.

14 (Deposition adjourned at 1:05 p.m.)

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STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF DONALD LYNCH

The deposition of DONALD LYNCH was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 12:20 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

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1 DONALD LYNCH, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you state your name and address?
5 A My home address?
6 Q Yeah.
7 A 24--Donald Lynch, 2433 Hellard Road, Annville,
8 Kentucky.
9 Q Do you spell your last name L-y-n-c-h?
10 A Yes, sir.
11 Q Okay, great. Mr. Lynch, my name's Larry
12 Cook. I'm with the Attorney General
13 Office of Rate Intervention, and here to
14 my right is my boss, Dennis Howard in the
15 same unit. And I'm going to let the
16 other people introduce themselves.
17 MS. MITCHELL: I'm Anita Mitchell from
18 Public Service Commission.
19 MS. EDWARDS: I'm Andrea Edwards with the
20 Public Service Commission.
21 MR. RUSSELL: Elie Russell, Kentucky
22 Public Service Commission.
23 MR. HAUSER: This is Jim Adkins, who's
24 helping us with rate, and I'm Pat Hauser
25 for Cumberland Valley Electric.

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

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I N D E X

WITNESS: PAGE:
DONALD LYNCH:
Direct examination by Mr. Cook: 3-35
Cross examination by Mr. Hauser: 36-41
Redirect examination by Mr. Howard: 42-45
Reporter's Certificate: 46

1 Q And that's our court reporter. Well, Mr. Lynch, as
2 you might know, Cumberland Valley has filed for a
3 rate increase with the Public Service Commission,
4 and what brings us here today is we want to
5 interview some people about Cumberland Valley's
6 business practices. Have you ever given a
7 deposition before?
8 A No, sir.
9 Q One thing you need to keep in mind is
10 that when you answer a question, you
11 know, you say like yes or no, you can't
12 like nod your head or shake it because
13 that doesn't come across.
14 A What about, yes or no, is that it?
15 MR. HOWARD: Well, we might ask you to
16 explain.
17 Q We might ask you to explain, yeah.
18 A Alright.
19 Q Now, if you don't understand a question
20 please speak up and let us know.
21 A Okay.
22 Q And I'll repeat it or rephrase it. Otherwise,
23 we'll assume that you did understand the question.
24 A Okay.
25 Q Okay. Alright, now, from time to time

1 the other attorneys in the room might  
 2 interpose an objection for the record,  
 3 and if they do that the court reporter  
 4 will take down their objection, but you  
 5 can go ahead and answer the question  
 6 after they're finished.  
 7 A Okay.  
 8 Q Alright. And Mr. Lynch, do you realize  
 9 that you're under oath?  
 10 A Yes.  
 11 Q Great, okay. Are you taking any  
 12 medications or any other substance that  
 13 might prevent you from giving honest and  
 14 accurate answers today?  
 15 A No.  
 16 Q Okay. Is there any medication or substance that  
 17 could interfere with your recollection that you're  
 18 taking?  
 19 A No.  
 20 Q Okay, great. And is your presence here  
 21 today in response to a subpoena that was  
 22 served upon you to compel you to provide  
 23 testimony?  
 24 A Yes, sir.  
 25 Q Thank you. Could you tell us about your

1 approached you about your answers to the  
 2 questions that are...  
 3 A No, sir.  
 4 Q ...going to be posed to you today?  
 5 A No, sir.  
 6 Q Okay. Has anybody else with CVE  
 7 approached you?  
 8 A No, sir.  
 9 Q Okay. Has anybody at CVE directly or in  
 10 any way insinuated that you should have  
 11 amnesia or be forgetful?  
 12 A No, sir.  
 13 Q Are you in fear of losing your job if you  
 14 provide truthful answers to these  
 15 questions?  
 16 A No, sir.  
 17 Q Have you ever performed any work for CVE  
 18 in any other capacity?  
 19 MR. HAUSER: Other than what he--I don't  
 20 understand.  
 21 Q Other than what he's currently doing.  
 22 A No, sir, really allergies and stuff if that's, you  
 23 know, be different than what I normally do. Like  
 24 snow storms and stuff, I'd go out and help on the  
 25 crews then.

1 educational background?  
 2 A High school education.  
 3 Q Okay. And do you hold any professional  
 4 licenses?  
 5 A No, sir.  
 6 Q Alright, are you currently employed?  
 7 A Yes.  
 8 Q Where?  
 9 A Cumberland Valley Electric.  
 10 Q In what capacity?  
 11 A Engineering department, staking.  
 12 Q In staking?  
 13 A Uh-huh.  
 14 Q What do you do in staking?  
 15 A Well, you go out and visit with the new homes and  
 16 get service to them and assist them in  
 17 improvements, three phase lines and such.  
 18 Q Okay, so do you go out and do you actually like  
 19 plan the work...  
 20 A Yes.  
 21 Q ...that's going to be done?  
 22 A Yes.  
 23 Q Okay.  
 24 A The way to build the lines.  
 25 Q Okay, I understand. Has Ted Hampton

1 Q Oh, okay. Alright, I understand. And  
 2 when did you start working for CVE?  
 3 A July of 1983.  
 4 Q Has your employment been continuous since  
 5 that day?  
 6 A Yes, sir.  
 7 Q During the course of your employment at  
 8 CVE did you have opportunity to work with  
 9 other employees?  
 10 A Yes.  
 11 Q Okay, who?  
 12 A At Cumberland Valley?  
 13 Q Yes.  
 14 A Well, several different ones.  
 15 Q Okay, go ahead and list them.  
 16 A You mean in engineering department or...  
 17 Q Oh, there and anywhere else.  
 18 A Well, with all of them there at Cumberland  
 19 Valley...  
 20 Q Just about everybody?  
 21 A Everybody.  
 22 Q Okay. And does that include the manager,  
 23 Ted Hampton?  
 24 A Yes, sir.  
 25 Q Alright. During the course of your

1 employment at CVE did you learn of the  
 2 name of an individual named Ken Lay?  
 3 A Yes, sir.  
 4 Q Okay. Was Ken Lay ever an employee of  
 5 CVE?  
 6 A Not since I've been there.  
 7 Q Okay, do you know whether Mr. Lay owns a  
 8 business?  
 9 A Yes.  
 10 Q Okay, do you know the name of the  
 11 business?  
 12 A Yes, sir.  
 13 Q What is it?  
 14 A Lay Tree & Brush.  
 15 Q Okay. Does that business do any work for  
 16 CVE?  
 17 A Yes, sir.  
 18 Q What type of work?  
 19 A Cutting right-of-way and chipping brush and that  
 20 type.  
 21 Q Okay. Is Mr. Lay in any way related to  
 22 Mr. Hampton?  
 23 A Yes, that's what I've been told, you know, that  
 24 they're kin, but I don't know how or how much or  
 25 what.

1 Q The basis.  
 2 A I think labor only. The way I understand it, labor  
 3 only.  
 4 Q Okay. Is that by the job, monthly,  
 5 hourly, weekly?  
 6 A I'm not sure.  
 7 Q Okay. So do you know if Mr. Lay bills  
 8 for use of equipment?  
 9 A No, I don't know.  
 10 Q You don't know, okay. Are you familiar  
 11 with a business that's called C&C  
 12 Automotive Center?  
 13 A No, sir.  
 14 Q Does Mr. Lay provide the equipment that  
 15 he uses to perform services for CVE?  
 16 A No, I don't--I don't think so.  
 17 Q Okay. Do you know who does provide that...  
 18 A I think CVE.  
 19 Q Okay. So Mr. Lay uses CVE equipment to  
 20 do the job...  
 21 A Yes, sir.  
 22 Q ...that his company does for CVE?  
 23 A Yes, sir.  
 24 Q Okay. Does CVE have a similar  
 25 relationship with other contractors, that

1 Q Alright. Do you know if Mr. Lay is  
 2 related in any way to any other CVE  
 3 employee?  
 4 A No, sir.  
 5 Q Or any CVE officer?  
 6 A No.  
 7 Q Or any CVE board member?  
 8 A Yes, he'd be the same with Elbert Hampton, board  
 9 member, as Ted.  
 10 Q I didn't understand what you meant.  
 11 A He would be the same relation as...  
 12 Q Oh, okay.  
 13 A To Elbert Hampton as he is Ted. You know, Elbert's  
 14 a board member.  
 15 Q And Elbert's a board member...  
 16 A And Ted and Elbert's brothers.  
 17 Q Ted and Elbert are brothers, okay.  
 18 Alright. Do you have any knowledge about  
 19 the billing arrangements between Mr.  
 20 Lay's company and CVE?  
 21 A Not at all.  
 22 Q Okay. Do you know the basis for how Mr.  
 23 Lay is paid for the services he and his  
 24 company render to CVE?  
 25 A The basic?

1 is, that CVE allows the contractor to use  
 2 its equipment?  
 3 A Yes, sir.  
 4 Q Okay, what other contractors?  
 5 A Five-C Construction.  
 6 Q Okay. Any other contractors you can  
 7 think of?  
 8 A No.  
 9 Q What about Shelton?  
 10 A Shelton uses his own equipment.  
 11 Q Okay. Do you know whether all of the  
 12 contractors who bid on CVE projects are  
 13 made aware of the fact that CVE provides  
 14 equipment for its contractors to use?  
 15 A No.  
 16 Q You don't know that?  
 17 A No, I don't.  
 18 Q Do you know who at CVE was responsible  
 19 for handling business operations with  
 20 right-of-way contractors?  
 21 A I think Mr. Hampton handles that.  
 22 Q Do you know whether Mr. Hampton managed  
 23 business relations with all CVE's  
 24 contractors?  
 25 A I'm not sure.

1 Q Okay, okay. Did Ted Hampton hold staff  
 2 meetings with his staff from time to  
 3 time?  
 4 A Yes.  
 5 Q Did you ever attend any of those  
 6 meetings?  
 7 A No.  
 8 Q Okay. Do you know whether anyone ever  
 9 made any suggestions to Ted Hampton about  
 10 ways to reduce expenditures on the right-  
 11 of-way program?  
 12 A No.  
 13 Q You don't know whether anybody did?  
 14 A (No audible answer).  
 15 Q Was there any particular piece of equipment that  
 16 CVE owns that came to your attention?  
 17 A No.  
 18 Q In terms of all the equipment that CVE allows its  
 19 contractors to use, is there one piece that's more  
 20 expensive than any other that you can think of?  
 21 A Probably a line truck, or bucket truck.  
 22 Q Okay. What about, does CVE own a  
 23 bulldozer?  
 24 A Yes, sir.  
 25 Q Does CVE allow its contractors to use

1 Q Is Ronnie Corey a friend of Ted Hampton?  
 2 A Yes.  
 3 Q Do you know whether Mr. Corey is in any  
 4 way related to any current or former CVE  
 5 employee?  
 6 A No.  
 7 Q Do you know if...  
 8 a I'm not sure.  
 9 Q I'm sorry?  
 10 A I don't know.  
 11 Q Do you know whether Mr. Corey might be  
 12 related in any way to any current or  
 13 former CVE director?  
 14 A Former.  
 15 Q Former? So you believe that he was  
 16 related to a former director?  
 17 A Yes.  
 18 Q Do you know who that former director was?  
 19 A His dad.  
 20 Q Do you know his name?  
 21 A Harry. Harry Corey.  
 22 Q Harry Corey. Does Ronnie Corey own a  
 23 business?  
 24 A Yes.  
 25 Q And what is the name of that business?

1 that bulldozer?  
 2 A Yes, sir.  
 3 Q Do you have any knowledge regarding the  
 4 price of that bulldozer?  
 5 A No, sir.  
 6 Q Alright. To your knowledge did any CVE  
 7 employees ever make use of the bulldozer?  
 8 A Not to my knowledge.  
 9 Q So to your knowledge the people who used the  
 10 bulldozer would have just been the contractors, if  
 11 I understand your testimony correctly?  
 12 A Well, for right-of-way.  
 13 Q For right-of-way?  
 14 A With--can I say something else?  
 15 Q Sure.  
 16 A With exception, you know, that Cumberland Valley  
 17 employees use it some to do certain jobs around the  
 18 office and stuff like that or certain projects.  
 19 Q Okay, alright. Do you know who Ronnie  
 20 Corey is?  
 21 A Yes, sir.  
 22 Q I think you may have answered this  
 23 previously, I apologize if you have. Is  
 24 Ronnie a friend of Ted Hampton's?  
 25 A A what?

1 A Five-C Construction.  
 2 Q What is the nature of the business that--  
 3 well, let me go back. Do you know  
 4 whether Five-C does any business with  
 5 CVE?  
 6 A Yes.  
 7 Q And what is the nature of that business?  
 8 A Building power lines.  
 9 Q Okay. Do you know who sold the bulldozer  
 10 to CVE?  
 11 A Let me think. Yes.  
 12 Q Okay, who did?  
 13 A Ronnie Corey.  
 14 Q Okay. And do you have any idea how much  
 15 that...  
 16 A No, sir.  
 17 Q And I understand that would be outside  
 18 your area.  
 19 A Right.  
 20 Q Do you have any knowledge about billing  
 21 arrangements for the occasions when the  
 22 contractors would use the bulldozer?  
 23 A No.  
 24 Q Okay. And do you know who the accountant  
 25 for Five-C Construction was?

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1 A No.  
 2 Q Do you know an individual by the name of  
 3 Wayne Bryant?  
 4 A Yes, sir.  
 5 Q Now, how did you come to know him?  
 6 A He's an employee of Cumberland Valley, bookkeeper.  
 7 Q Bookkeeper?  
 8 A Uh-huh.  
 9 Q And about how long did he work there?  
 10 A Better than 30 years. Over 30 years.  
 11 Q Is he still there?  
 12 A No, sir.  
 13 Q So he's retired?  
 14 A Yes.  
 15 Q Are you familiar with someone named John  
 16 Rex Hampton?  
 17 A Yes, sir.  
 18 Q How are you familiar with him?  
 19 A It's Ted's brother.  
 20 Q Okay. Is John Rex Hampton married?  
 21 A Yes, sir.  
 22 Q Do you know his wife's name?  
 23 A Karen.  
 24 Q Is Karen employed at CVE also?  
 25 A Yes, sir.

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1 Q Do you know what she does at CVE?  
 2 A She's in the accounting department there. I don't  
 3 really know what all she does.  
 4 Q Okay, alright. Do you know whether John  
 5 Rex Hampton has ever worked for CVE?  
 6 A Not to my knowledge.  
 7 Q Okay. Do you know whether John Rex  
 8 Hampton has ever worked on any CVE  
 9 vehicles?  
 10 A Worked on any vehicles?  
 11 Q Yeah, vehicles that the company, CVE owns?  
 12 A I'm not sure.  
 13 Q Okay, alright. Does CVE employ the services of a  
 14 full-time mechanic to work on its vehicles?  
 15 A Now they do, yes, sir.  
 16 Q Do you know who that is?  
 17 A Bogey McCuen.  
 18 Q Bogey McCuen?  
 19 A Uh-huh.  
 20 Q Okay. Do you know about how long he's  
 21 been doing that?  
 22 A I'd say roughly five years. You know, I'm not  
 23 sure.  
 24 Q Okay, you're not sure?  
 25 A Not the exact time.

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1 Q In Karen Hampton's work in the accounting  
 2 department, do you know if she has the ability to  
 3 execute financial documents like payments to  
 4 vendors?  
 5 A Well, she makes--she does our checks. I don't know  
 6 if she does all of them.  
 7 Q Checks to whom?  
 8 A Payroll checks.  
 9 Q Payroll checks?  
 10 A You know, to the company.  
 11 Q Okay. Have you ever heard of an entity known as  
 12 SECC?  
 13 A Could you explain that a little more?  
 14 Q Have you ever heard of a business called S--it's  
 15 just the letters SECC.  
 16 A No, sir.  
 17 Q Never have heard of that, okay. Have you  
 18 ever heard of a business called Southeast  
 19 Petroleum?  
 20 A Yes, sir.  
 21 Q Okay, how did you run across that  
 22 business?  
 23 A They was supplying--you know, getting gas from  
 24 them.  
 25 Q They meaning the company was getting...

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1 A Cumberland Valley.  
 2 Q Okay, they were getting gas for its trucks you  
 3 mean?  
 4 A Yeah, gas and diesel.  
 5 Q And diesel?  
 6 A Both.  
 7 Q Do you know whether J. R. Hampton was  
 8 involved in that, in Southeast Petroleum?  
 9 A Who?  
 10 Q J. R., John Rex Hampton.  
 11 A Well, yes.  
 12 Q Okay, you do know, so was he or was he  
 13 not?  
 14 A Well, I think he was one of the partners in it or  
 15 something, the way I understood it.  
 16 Q Okay.  
 17 A But I'm not a hundred percent sure.  
 18 Q I understand. I appreciate your  
 19 explaining the extent of your knowledge,  
 20 it's very helpful. Do you know about how  
 21 long that relationship with Southeast  
 22 Petroleum lasted? Just roughly, I know  
 23 you can't give exact dates.  
 24 A Probably roughly two years or so.  
 25 Q So these purchases that CVE made from

1 Southeast Petroleum, that was like for  
 2 bulk fuel?  
 3 A Yes.  
 4 Q Okay, okay. Now, at the times that CVE  
 5 obtained fuel from Southeast Petroleum,  
 6 do you know whether Southeast placed any  
 7 bids for fuel from any other vendors?  
 8 A No.  
 9 Q You don't know?  
 10 A I don't know.  
 11 Q Okay. And have you ever heard of a  
 12 business called Southeast Petro Mart?  
 13 A No, sir.  
 14 Q Okay. And have you heard of a business  
 15 called Southeast Transport?  
 16 A I'm not sure.  
 17 Q Okay.  
 18 A About that one.  
 19 Q You paused for a moment and it made me  
 20 wonder if maybe you had...  
 21 A Well, I...  
 22 Q I was just wondering if you had ever  
 23 heard of it.  
 24 A Southeast Petroleum, you know, was still on my  
 25 mind, you know, I knew that, but Southeast

1 videos that might show CVE employees  
 2 working on vehicles that were not owned  
 3 by CVE?  
 4 A No, I don't know, I'm not aware of any.  
 5 Q Okay, alright. Have you ever heard of  
 6 any Southeast Transport employees coming  
 7 onto CVE property?  
 8 A Not that--that name, no.  
 9 Q Okay. Okay, did you ever observe any  
 10 employees with any trucking company that  
 11 you knew was affiliated with John Rex  
 12 Hampton, did you ever see them on the  
 13 property?  
 14 A Yes, sir.  
 15 Q Okay, tell me about the--did that happen  
 16 frequently?  
 17 A Not real frequently it didn't seem like.  
 18 Q Okay.  
 19 Q You know, just every once in a while you'd see one  
 20 or something.  
 21 Q Okay. And you were--the nature of your  
 22 duties, you'd be out in the field quite a  
 23 bit?  
 24 A Yes, sir. That's right.  
 25 Q Right. Do you know whether anybody from

1 Transport it don't ring--it don't come to my mind.  
 2 Q Okay. Did you ever see any semi trucks  
 3 parked on CVE property?  
 4 A Yes, sir.  
 5 Q Okay. And do you know what they were  
 6 doing there?  
 7 A No, sir, I don't.  
 8 Q We know from previous discovery that the company  
 9 has stated that Ted Hampton was the owner of  
 10 Southeast Transportation, so when you paused about  
 11 wondering whether you knew anything about Southeast  
 12 Transport, have you ever heard about John Rex  
 13 Hampton being involved with that company?  
 14 A I've heard of John in--you know, in the trucking  
 15 business, you know, trucking with Southeast  
 16 Petroleum and trucks and stuff is all I know.  
 17 Q Okay. Were you familiar with an incident  
 18 that happened where John Rex Hampton was  
 19 injured when somebody ran over him?  
 20 A No, sir.  
 21 Q Do you know whether any Cumberland Valley  
 22 employees ever worked on Southeast  
 23 Transportation trucks?  
 24 A I'm not aware of it.  
 25 Q Okay. Do you know of any photos or

1 Southeast Transport ever conducted any  
 2 business with CVE?  
 3 A I don't know.  
 4 Q Have you ever heard of a business called  
 5 Knox Auto Parts?  
 6 A Yes, sir.  
 7 Q How did you hear about that?  
 8 A Well, we got--Cumberland Valley bought a lot of  
 9 parts, you know, from that place and may still do,  
 10 I'm not sure.  
 11 Q Okay. What kind of parts did they buy?  
 12 A For truck parts and about anything, you know,  
 13 plumbing supplies and stuff.  
 14 Q Plumbing supplies from...  
 15 A They sold plumbing...  
 16 Q ...an auto parts store?  
 17 A Plumbing and electrical and auto and everything.  
 18 Q So when you say everything, that sounds  
 19 like quite a bit. A broad range?  
 20 A Yeah.  
 21 MR. COOK: Well, let the record reflect  
 22 that Mr. Hampton has returned to the  
 23 room.  
 24 Q Do you know how long the business  
 25 relationship between CVE and Knox Auto

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1 Parts lasted?  
 2 A No, sir.  
 3 Q Do you have any knowledge regarding how  
 4 much business in dollar figures was  
 5 transacted monthly between the two?  
 6 A No, sir.  
 7 Q Okay. Do you know anything about an individual  
 8 named Steve Hampton?  
 9 A Yes, sir.  
 10 Q Does he bear any relationship with Ted  
 11 Hampton?  
 12 A Yes, sir.  
 13 MR. COOK: Let the record  
 14 reflect the witness was looking  
 15 toward Mr. Hampton.  
 16 Q Does Steve Hampton play any role in Knox Auto  
 17 Parts?  
 18 MR. HAUSER: Let the record reflect I  
 19 don't think he was, you know.  
 20 MR. COOK: No, it was clear to me.  
 21 Q Does Steve Hampton play role in Knox Auto  
 22 Parts?  
 23 A Yes, sir.  
 24 Q Okay, do you know what role he played?  
 25 A I think, if I remember, he owned it there for a

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1 short time or something.  
 2 Q Okay. Do you know for how long the relationship  
 3 lasted between Knox Auto Parts and CVE?  
 4 A No, sir.  
 5 Q Do you have any knowledge of where CVE's  
 6 records are stored?  
 7 A No, sir.  
 8 Q And do you know anything about Elbert  
 9 Hampton?  
 10 A Yes, sir.  
 11 Q What is his relationship with Ted  
 12 Hampton?  
 13 A Brother.  
 14 Q Is Elbert on the board of directors of  
 15 CVE?  
 16 A Yes, sir.  
 17 Q Do you know who he replaced?  
 18 A Yes, sir.  
 19 Q Do you know why he--why he was put onto  
 20 the board?  
 21 A No, sir.  
 22 Q Did Elbert Hampton play any role in Knox  
 23 Auto Parts to your knowledge?  
 24 A Not to my knowledge.  
 25 Q Do you know whether Elbert was ever

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1 involved in any other businesses?  
 2 A No, sir.  
 3 Q You're saying you don't know?  
 4 A No, I don't know.  
 5 Q Do you know whether Elbert was ever an  
 6 employee of CVE?  
 7 A Yes, sir, he was.  
 8 Q He was? Do you know what he did when he  
 9 was an employee of CVE?  
 10 A He was superintendent of operations.  
 11 Q Okay, alright. Do you know for about how  
 12 long he did that?  
 13 A Roughly 30 years.  
 14 Q Okay, alright. Do you know whether at anytime  
 15 during the time when Elbert was an employee of CVE  
 16 did that overlap with a time that he was also on  
 17 the board of CVE?  
 18 A No, sir.  
 19 Q You don't know?  
 20 A He wasn't on the board when he was employed.  
 21 Q So you know that for a fact?  
 22 A Yes.  
 23 Q Do you have any knowledge of Elbert receiving  
 24 payments from CVE for construction work he  
 25 performed?

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1 A No, sir.  
 2 Q Have you ever witnessed or otherwise  
 3 learned of Elbert Hampton filling up his  
 4 personal vehicle with CVE gasoline?  
 5 A Not to my knowledge. No.  
 6 Q Have you ever seen Elbert Hampton leaving  
 7 the CVE warehouse with his arms full of  
 8 materials and placing them into his  
 9 personal vehicle?  
 10 A No, sir.  
 11 Q Have you ever heard of a business called  
 12 Hubbs Creek?  
 13 A Mining, Hubbs Creek Mining.  
 14 Q Okay. Do you know if that business  
 15 conducts any business with CVE?  
 16 A We serve power, serve them with power.  
 17 Q Does the name Terry McCreary mean anything to you?  
 18 A No, sir.  
 19 Q Do you know whether Hubbs ever performed  
 20 any mechanical work on CVE vehicles?  
 21 A I'm not sure.  
 22 Q Have you heard of a business called Air Gas?  
 23 A No, sir.  
 24 Q Do you have any knowledge about a power  
 25 line that was run to a cabin off of Red

1 Bird Road?  
 2 A Yes, sir.  
 3 Q Do you know who owned that cabin?  
 4 A No, I can't remember now.  
 5 Q Does the name J. B. Johnson mean anything  
 6 to you?  
 7 A Well, he was--I know him, know who he was, but I  
 8 can't remember pertaining to any jobs.  
 9 Q Okay. So you don't--you couldn't--cannot  
 10 recollect whether the cabin may have been  
 11 owned by J. B. Johnson?  
 12 A No. I don't--I don't recollect that.  
 13 Q What about the name Bill Nighbert?  
 14 A Neither Bill Nighbert. I don't remember what--I  
 15 remember building a line to a cabin, but I don't  
 16 remember what name it was in.  
 17 Q Okay. So you do have some knowledge of a  
 18 line that was run to a cabin off of Red  
 19 Bird Road?  
 20 A Yes.  
 21 Q Was this a job where the customer would  
 22 have had to pay for a portion of that  
 23 work?  
 24 A Yes.  
 25 Q Okay. Do you know whether the customer

1 Q Okay. In the course of your employment  
 2 with CVE have you ever learned of power  
 3 lines being laid, which in your opinion  
 4 were not necessary?  
 5 A No, sir.  
 6 Q How about jobs such as transformers, meters and  
 7 three phase?  
 8 A Pertaining to what?  
 9 Q Have you, in the course of your employment, have  
 10 you ever learned of jobs for transformers, meters  
 11 and three phase which were not necessary?  
 12 A No, sir.  
 13 Q Do you have any knowledge regarding any  
 14 other work that CVE conducted that may  
 15 have been unnecessary?  
 16 A No, sir.  
 17 Q Now, Mr. Lynch, we know from our written  
 18 discovery that CVE obtains at least a  
 19 portion of its funding from RUS loans?  
 20 A Yes, sir.  
 21 Q Do you know what the proceeds of those  
 22 loans are spent on?  
 23 A Yes, sir.  
 24 Q What is it?  
 25 A System improve--improve the system jobs is all I'm

1 was charged for that work?  
 2 A I don't remember. It's been--been a long time.  
 3 Q Okay. Do you know if the cabin is  
 4 metered?  
 5 A Yes, it is.  
 6 Q Alright. Do you know anything about the  
 7 laying of a line to the Whitley County  
 8 School System, an underground line?  
 9 A Yes, sir.  
 10 Q Was this a line for which the customer  
 11 should have borne at least part of the  
 12 cost?  
 13 A I'm not sure.  
 14 Q Okay. Do you know whether Whitley County School  
 15 System paid for any portion of that cost?  
 16 A I'm not sure on that.  
 17 Q Do you know where Ted Hampton's wife  
 18 works?  
 19 A Yes, sir.  
 20 Q Where is that?  
 21 A Worked for the Whitley County Board, or school  
 22 system some way.  
 23 Q Does John Hampton's daughter also work  
 24 for the same school system?  
 25 A I'm not really sure.

1 involved in.  
 2 Q Is it used to help for construction of  
 3 jobs also?  
 4 A Yes, sir.  
 5 Q And does that construction also include  
 6 clearing right-of-way?  
 7 A It's--it should be all together, right-of-way for  
 8 the new lines we're building.  
 9 Q Okay.  
 10 A Upgrades.  
 11 Q Have you ever attended a CVE annual  
 12 meeting?  
 13 A Yes, sir.  
 14 Q Do you have any knowledge regarding how an  
 15 individual comes to be on the CVE board of  
 16 directors?  
 17 Not really, no, sir.  
 18 Q Okay. At the annual meetings did you  
 19 ever hear--did you ever hear any  
 20 announcements being made to CVE members  
 21 that it was time for the election of  
 22 board of directors?  
 23 A Yes, sir.  
 24 Q You did? At the annual meetings were  
 25 there any ballot boxes made available to

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1 accept votes?  
 2 A I'm not sure.  
 3 Q Do you know how board of director members  
 4 are nominated?  
 5 A No, sir.  
 6 Q Do you have any knowledge about the  
 7 keeping of CVE corporate minutes?  
 8 A No, sir.  
 9 Q Do you recall anything about a CVE truck  
 10 that the company no longer owns which was  
 11 called CVE truck No. 61?  
 12 A No, sir.  
 13 Q Do you have any knowledge about a CVE  
 14 truck that was involved in an accident  
 15 and then was sold to somebody?  
 16 A I'm not aware of it.  
 17 Q That doesn't ring any bell with you?  
 18 A No.  
 19 Q Do you have any knowledge about the company adding  
 20 money to work projects?  
 21 A Adding money? For lines, building lines or...  
 22 Q Of construction projects, right.  
 23 A I'm not sure.  
 24 Q Did anyone ever tell you or did you ever  
 25 hear of anyone at the company saying we

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1 had to add more money to the projects?  
 2 A No, sir.  
 3 Q Did anyone ever tell you that we have to  
 4 keep the contractors busy?  
 5 A No, sir.  
 6 Q In the course of your employment with CVE  
 7 did you ever learn of any power lines  
 8 being laid which in your opinion were not  
 9 necessary?  
 10 A No, sir.  
 11 Q Are there other relatives of Ted  
 12 Hampton's who either currently are or  
 13 ever have worked for CVE?  
 14 A Read that again.  
 15 Q Are there any other relatives of Ted  
 16 Hampton's who either now work for CVE or  
 17 ever had worked for CVE? Because we  
 18 discussed Elbert, and then we discussed  
 19 Steve.  
 20 A And Karen.  
 21 Q And Karen. Do you know of any...  
 22 A That's it.  
 23 Q ...other relative? Have you ever heard  
 24 of a William Hampton?  
 25 A Yes, I started to say Jay, William Jay.

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1 Q Oh, okay. He goes by Jay also?  
 2 A Yeah.  
 3 Q Okay. And what does he do?  
 4 A He's a line superintendent.  
 5 Q Okay, how long has he done that?  
 6 A Probably five or six years or so now.  
 7 Q Do you know how long he's worked there at CVE?  
 8 A Better than 30 years.  
 9 Q Okay. Do you know what Jay Hampton did  
 10 previously?  
 11 A Yes, sir, he was a lineman and a service guy,  
 12 serviceman.  
 13 Q During the course of your employment with CVE did  
 14 anyone ever ask you to do anything that you  
 15 questioned or gave you cause for concern?  
 16 A No, sir.  
 17 Q Now, have you ever heard CVE being referred to as  
 18 Hampton Valley?  
 19 A No, sir.  
 20 Q Is there any other concern you'd like to  
 21 share with us today?  
 22 A No, sir.  
 23 MR. COOK: That's all the questions I  
 24 have right now.  
 25

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1 CROSS EXAMINATION BY MR. HAUSER:  
 2 Q I have a few questions to ask you, Mr. Lynch.  
 3 A Okay.  
 4 Q What was your--what is your job as a staking person  
 5 for Cumberland Valley Electric?  
 6 A Lay out the lines for new homes and trailers and  
 7 upgrade system.  
 8 Q Who do you work directly under now?  
 9 A Mark Abner.  
 10 Q He's an engineer?  
 11 A Yes, sir.  
 12 Q When you lay out a line or something,  
 13 does Mr. Abner review those things too,  
 14 generally?  
 15 A The bigger jobs, yes.  
 16 Q Prior to you working for Mr. Abner did  
 17 you work for Joe Carroll?  
 18 A Yes, sir.  
 19 Q How long do you recall working for Joe?  
 20 A Probably five years or so, around five.  
 21 Q Were you in another--you're in engineering now I  
 22 take it, is that correct?  
 23 A Yes.  
 24 Q Were you in another position prior to  
 25 going into engineering?

1 A No, sir.  
 2 Q Well, Mr. Carroll testified that he  
 3 worked for Cumberland Valley Electric  
 4 from May 4, 1995, through July the 27th  
 5 of last year, 2004. Do you have any  
 6 reason to believe that's not accurate?  
 7 A No, there's no reason.  
 8 Q Would you have worked with him?  
 9 A Yes, sir.  
 10 Q He was in engineering the entire time he working  
 11 here?  
 12 A Yes, sir.  
 13 Q Did you know that Mr. Carroll was in charge of the  
 14 Turtle program?  
 15 A Yes, sir.  
 16 Q What did you understand that he did with regard to  
 17 the Turtle program?  
 18 A Well, I think he ordered, you know, seen what we  
 19 needed to order, the meters and programming  
 20 equipment and all that stuff.  
 21 Q Did he--as part of his employment and part of his  
 22 job, do you know whether or not he, in addition to  
 23 Turtles, adding Turtles to meters, did he do any  
 24 three phase metering or any metering that would  
 25 have been required for commercial jobs? Was he

1 located?  
 2 A Yes, sir.  
 3 Q Is that a routine, do you ever go out on  
 4 the job directly, or is that...  
 5 A Occasionally.  
 6 Q Let me ask you this, did Mr. Carroll, was he there  
 7 regularly five days a week while he was working at  
 8 Cumberland Valley Electric?  
 9 A No, sir.  
 10 Q How often was Joe actually at work at the office  
 11 where you checked in?  
 12 A Well, the last couple of years not very often.  
 13 Q From whom did you get your supervisory  
 14 orders to tell you what to do that day if  
 15 Joe's gone?  
 16 A Well, we normally--our normal work comes in and we  
 17 get each area engineer's got their area of work and  
 18 we normally just get it and take care of it.  
 19 Q And is that what you explained earlier...  
 20 A Yes.  
 21 Q ...that somebody would bring by a new  
 22 hookup that had to be...  
 23 A Yes.  
 24 Q ...made or something of that nature?  
 25 A Yes, sir.

1 involved in that or not? If you have knowledge of  
 2 that.  
 3 A Yeah, he was involved in that some.  
 4 Q Well, do you know what his involvement was?  
 5 A Wiring the meters up and stuff, you know, for the  
 6 CT meters and stuff like that on the three phase  
 7 loads, some of them. He did some.  
 8 Q Some of the newer mete--some of the newer  
 9 meters, are they required to have some  
 10 kind of computer program with them?  
 11 A Yes, sir.  
 12 Q Tell us what you know about the computer  
 13 program.  
 14 A Well, not very much on computer.  
 15 Q Who would manage--those meters that were  
 16 required to have some kind of computer  
 17 input, who handled all that?  
 18 A Joe.  
 19 Q While Joe was there did anybody else  
 20 handle the metering, the computer aspect  
 21 of metering at Cumberland Valley Electric  
 22 to your knowledge?  
 23 A Not to my knowledge.  
 24 Q As part of your routine work day do you routinely  
 25 report to the Gray office where Cumberland Valley's

1 Q Did you ever have an occasion to try to  
 2 get up with Mr. Carroll in those last two  
 3 years and not able to get up with him?  
 4 A Yes, sir.  
 5 Q To your knowledge when Mr. Carroll wasn't  
 6 there did he advise you where he was so  
 7 you could get up with him?  
 8 A No, sir.  
 9 Q Anybody in the office?  
 10 A No, sir.  
 11 Q Were you aware that Mr. Carroll did work  
 12 for other co-ops?  
 13 A Yes.  
 14 Q And what were you aware that he did for  
 15 other co-ops?  
 16 A I think he was helping them on the Turtle system is  
 17 the way I understood it. You know, get their  
 18 Turtle system, some of them going.  
 19 Q Were you aware that he had an employment  
 20 relationship with Hunt Technologies at the time he  
 21 was working there?  
 22 A No, I didn't--wasn't aware of it.  
 23 Q Are you aware now, do you know now that  
 24 he did or didn't?  
 25 A No.

1 MR. COOK: I'm going to object to the  
 2 characterization as employment, just for  
 3 the record.  
 4 Q Let me repeat the question. Are you  
 5 aware that he had any arrangement with  
 6 Hunt Technologies, whether it was  
 7 employment or whether it was an incentive  
 8 to get a commission on all Turtle sales  
 9 that he might have made, say from 2001 to  
 10 2004, were you aware that anything like  
 11 that existed?  
 12 A I wasn't aware of it.  
 13 Q Joe never talked with you about making money on  
 14 selling Turtles to other co-ops?  
 15 A No.  
 16 Q And you don't know today whether he did  
 17 or not?  
 18 A No, I don't.  
 19 Q And you've testified that to your  
 20 knowledge there were no lines installed  
 21 that were not necessary to be installed?  
 22 A Right.  
 23 MR. HAUSER: That's the only questions I  
 24 have.  
 25 MS. MITCHELL: I have no questions.

1 boss. Did you know where he was at any--  
 2 in every given time?  
 3 A No.  
 4 Q And ultimately I assume that Mr. Ted  
 5 Hampton was the boss of Joe as well,  
 6 right?  
 7 A Yes.  
 8 Q Do I assume that you would not know where  
 9 Mr. Hampton was at any and every given  
 10 time?  
 11 A No, sir.  
 12 Q This bulldozer that we've discussed, have  
 13 you seen it?  
 14 A Yes.  
 15 Q Can you describe it to me? What's the  
 16 make and model, size and the like?  
 17 A It's a John Deere. I'm not much on equipment. I  
 18 think it was a, seem like a 550 or something, I  
 19 don't know.  
 20 Q 550?  
 21 A Yeah.  
 22 Q Any type of devices attached to it, bush-  
 23 hog, something like that?  
 24 A Bush-hog.  
 25 Q Standard size or any particular details that would

1 REDIRECT EXAMINATION BY MR. HOWARD:  
 2 Q Just a few if I may, sir. You were asked earlier  
 3 about Ken Lay, whether he was ever an employee of  
 4 CVE, and you said not since you were there. How  
 5 about before you were there, do you know whether...  
 6 A Yes, sir.  
 7 Q He was a board member?  
 8 A No.  
 9 Q Or he was an employee?  
 10 A Employee.  
 11 Q This location on Red Bird Road where, if  
 12 I understood correctly, you helped run  
 13 the power line out there?  
 14 A Surveyed the line, yes.  
 15 Q When was that? Was that two years ago, a  
 16 year ago, three years ago, approximate?  
 17 A I'd say a good, at least two years.  
 18 Q Would you have records of the location,  
 19 the exact location of structure to which  
 20 you ran that line?  
 21 A Yes, sir.  
 22 MR. DENNIS: Mr. Hauser, if I incorporate  
 23 that in a letter may I get that from you?  
 24 MR. HAUSER: Yes.  
 25 Q Insofar as Mr. Carroll goes, he was your

1 stand out?  
 2 A I believe it's a six foot bush-hog.  
 3 Q Did you ever operate it?  
 4 A No, sir.  
 5 Q Did you ever see it being operated  
 6 personally?  
 7 A Yes, sir.  
 8 Q And for what purpose was it used?  
 9 A Bush-hogging right-of-way.  
 10 Q What type of right-of-way, can you  
 11 describe that to me? Are we talking  
 12 about going up and down mountains or...  
 13 A Yes, sir.  
 14 Q ...fields?  
 15 A Both.  
 16 Q So that was being operated by CVE or its  
 17 contractors or both?  
 18 A Contractors.  
 19 Q Primarily contractors, exclusively contractors?  
 20 A Primarily, you know.  
 21 Q Are you aware of the purchase--well, I think that  
 22 you'd indicated earlier and correct me if I'm  
 23 wrong, that that was purchased by CVE from Ronnie  
 24 Corey?  
 25 A Yes, sir.

1 Q When it was purchased was it functional?  
 2 Or did Bogey have to work on it?  
 3 A I'm not sure.  
 4 Q Were you there when it showed up?  
 5 A No, sir.  
 6 Q Do you remember when it showed up?  
 7 A I don't remember.

8 MR. HOWARD: That's all the questions I  
 9 have.

10 MR. HAUSER: No other questions.

11 MS. MITCHELL: No more questions.

12 MR. HOWARD: Thank you, sir.

13 MR. COOK: Thank you very much.

14 (Deposition adjourned at 1:05 p.m.)

15 \* \* \* \* \*

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1 STATE OF KENTUCKY

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3 COUNTY OF KNOX

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5 I, Virginia Bunch, the undersigned Notary Public  
 6 within and for the State of Kentucky at Large, do hereby  
 7 certify that the foregoing was heard before me on the date  
 8 and for the purpose as set out in the caption thereto; that  
 9 before testifying, the witness was, by me, duly sworn; that  
 10 his testimony was taken down in shorthand and later reduced  
 11 to typewriting, and the foregoing is a true and correct  
 12 transcript of my notes; that no written request having been  
 13 received by me, the deposition was not read or subscribed to

14 by the witness.

15 Given under my hand this \_\_\_\_\_ day of January,  
16 2006.

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VIRGINIA BUNCH  
 NOTARY PUBLIC  
 STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JAN 31 2006

In the Matter of:

PUBLIC SERVICE  
COMMISSION

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF JOE CARROLL

\* \* \* \* \*

The deposition of JOE CARROLL was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 7:35 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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JAN 21 2006

PUBLIC SERVICE  
COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

\* \* \* \* \*

I N D E X

WITNESS:

PAGE:

JOE CARROLL:

Direct examination by Mr. Cook:	3-64
Cross examination by Mr. Hauser:	64-92
Cross examination by Ms. Mitchell:	92-102
Redirect examination by Mr. Howard:	103-107
Recross examination by Mr. Hauser:	107-110
Reporter's Certificate:	110

EXHIBITS:

- Attorney General Exhibit 1 - Invoice Validation Inquiry
- Attorney General Exhibit 2 - Invoice Validation Inquiry
- Attorney General Exhibit 3 - Copy of Check (\$2,510.45)
- Attorney General Exhibit 4 - Document concerning Southeast Petroleum.
- Attorney General Exhibit 5 - Document concerning Knox Auto Parts, Inc.
- Attorney General Exhibit 6 - Document concerning Knox County General Hospital
- CVE Exhibit 1 - Verified Complaint
- CVE Exhibit 2 - Order

1                    JOE CARROLL, having been first duly sworn by the  
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q                Could you please state your name and address?

5 A                Joe Carroll, 140 Woodland Trail, Pineville,  
6 Kentucky 40977.

7 Q                Okay, could you spell your last name?

8 A                C-a-r-r-o-l-l.

9 Q                Thank you.

10                    MR. HAUSER: Excuse me, Larry, I don't  
11 want to belabor this, but since  
12 everybody's here do you think we ought to  
13 introduce who's here and who we are?

14                    MR. HOWARD: We ought to get entrance of  
15 counsel I think might behoove us.

16                    MR. HAUSER: And then who else is  
17 present?

18                    MR. HOWARD: Yes, yes, I think so.

19                    MR. COOK: My name's Larry Cook, I'm with  
20 the Attorney General, Office of Rate  
21 Intervention.

22                    MR. HOWARD: Dennis Howard, with the  
23 Attorney General's Office, and we also  
24 have here present with us today Darvin  
25 Sabastian, who is with the Attorney

1 General's Office as well.

2 MS. MITCHELL: Anita Mitchell, Public  
3 Service Commission.

4 MS. EDWARDS: Andrea Edwards, Public  
5 Service Commission.

6 MR. RUSSELL: Elie Russell, Public  
7 Service Commission.

8 MR. HAUSER: Elie Russell? My name is  
9 Pat Hauser, I'm counsel for Cumberland  
10 Valley Electric, and with us we have Mr.  
11 Jim Adkins and Mr. Ted Hampton.

12 Q Okay, Mr. Carroll, we've had introductions now and  
13 you know that both I and Mr. Howard are with the  
14 Attorney General's Office, Office of Rate  
15 Intervention, and we are here because Cumberland  
16 Valley has requested a rate increase from the  
17 Kentucky Public Service Commission, and in the  
18 course of this deposition we're going to refer to  
19 Cumberland Valley as CVE, okay? We're conducting  
20 this deposition to ask questions pertaining to  
21 CVE's business practices, and if you don't  
22 understand a question I ask just speak up, let me  
23 know, and I'll try to repeat it and rephrase it so  
24 that you do understand it. Otherwise, we'll assume  
25 that you did understand the question, okay? Now,

1                   you've also met the other counsel present in the  
2                   room, and after I finish my questions they may have  
3                   questions for you as well, okay? And do you  
4                   realize that you're under oath?

5    A             Yes.

6    Q             Are you taking any medications or any  
7                   other substance that might prevent you  
8                   from providing honest and accurate  
9                   answers today or that might interfere  
10                  with your recollection?

11   A            No.

12   Q            Okay. Is your presence here today in  
13                  response to a subpoena that was served  
14                  upon you to compel you to provide  
15                  testimony?

16   A            Yes.

17   Q            Tell us about your educational  
18                  background.

19   A            I have a bachelor or science in electrical  
20                  engineering and professional engineering license.

21   Q            Okay, do you have any other professional  
22                  licenses?

23   A            No.

24   Q            Okay. How many years of experience do you have in  
25                  the electrical utility industry?

1 A About twelve.

2 Q Twelve years? Are you currently

3 employed?

4 A Yes.

5 Q In what capacity?

6 A As an electrical engineer at electrical

7 cooperative.

8 Q And what is the name of that co-op that...

9 A Powell Valley Electrical Cooperative.

10 Q Okay. What are your responsibilities there?

11 A Supervisor of SCADA and load management.

12 Q Okay, that's SCADA?

13 A Yes, supervisory control and data acquisition.

14 Q Okay, thank you. In the course of your

15 career as an engineer did you ever have

16 occasion to work for CVE?

17 A Yes.

18 Q Were you a CVE employee?

19 A Yes.

20 Q What was the approximate starting date of

21 your employment with CVE?

22 A May 4th, 1995.

23 Q Okay, and when did your employment with

24 CVE end?

25 A July 27th, 2004.

- 1 Q Okay. Could you describe the nature of  
2 your duties at CVE?
- 3 A I worked in engineering, worked in assisting with  
4 work plans, long range plans, sectionalizing  
5 metering.
- 6 Q Okay. As an engineer were you required  
7 to sign off and approve of construction  
8 projects?
- 9 A Yes.
- 10 Q During the course of your employment with  
11 CVE did you have the opportunity to work  
12 with other CVE employees?
- 13 A Yes.
- 14 Q And who would that be?
- 15 A Other CVE employees?
- 16 Q Yeah.
- 17 A Wayne Bryant, Robert Prevatte, Robert Tolliver,  
18 Donald Lynch, Randall Campbell, Teresa Williams,  
19 Teresa Gregory, Mike Beard, William McCuen,  
20 Drucilla Foley.
- 21 Q Okay.
- 22 A Do you want me to keep going on?
- 23 Q Well, CVE I understand, correct me if I'm wrong,  
24 it's a fairly small co-op?
- 25 A Yes.

- 1 Q Is that right?
- 2 A Yes.
- 3 Q So there's not a whole lot of people
- 4 there, right?
- 5 A No.
- 6 Q Okay, so over the course of how many years was it?
- 7 A About nine and a half.
- 8 Q Over the course of nine and a half years
- 9 you've had ample opportunity to work with
- 10 a lot of different people there?
- 11 A Yes.
- 12 Q Okay. And did you have opportunity also to work
- 13 with the manager, Mr. Ted Hampton?
- 14 A Yes.
- 15 Q Have you approached the Attorney
- 16 General's Office with issues concerning
- 17 CVE?
- 18 A Yes.
- 19 Q With whom in the AG's office did you
- 20 speak?
- 21 A Mr. Howard and with yourself.
- 22 Q Okay. Did you also have an in person
- 23 meeting with us?
- 24 A Yes.
- 25 Q Do you recall the approximate date or

1                    dates of those meetings?

2     A                I don't recall the exact date.

3     Q                Was it this year...

4     A                Yes.

5     Q                ...in 2005?

6     A                Yes.

7     Q                Did you also have telephone conferences

8                    with the staff of the Attorney General?

9     A                Yes.

10    Q                Okay. During the course of your

11                    employment with CVE did anyone ever ask

12                    you to do anything in your role as an

13                    engineer for CVE that you questioned or

14                    gave you cause for concern?

15    A                Yes.

16    Q                Okay, what was it that was asked of you?

17    A                Doing a work plan I was asked by Mr. Hampton to add

18                    more funds in for the contracting that I felt was

19                    not needed at the time. We met with Mr. Mike

20                    Norman, who was a RUS field representative, was

21                    also present.

22    Q                Maybe you'd better spell out what RUS

23                    stands for.

24    A                Rural utility supply.

25    Q                Okay. Go ahead, continue.

1 A You know, I felt like the extra construction was  
2 not needed at that time. Mike Norman felt the same  
3 and asked me to space some of the funding. It was  
4 approximately about two and a half million dollars  
5 extra on the work plan, and asked me to space that  
6 out maybe over three work plans. You know, let's  
7 don't argue with Ted, Mike was saying, let's just  
8 spread it out over about twelve years, which would  
9 be equivalent to twelve years. Of course, Ted  
10 wanted it within that first four year period. And  
11 Mike told me--I asked Mike did he agree with me or  
12 not. He said he agreed that it didn't need to be  
13 done during that period. He, Mike Norman, asked me  
14 not to draw lines in the sand.

15 Q Okay. So why did this cause you concern,  
16 this?

17 A Because of the spending of the money that was not  
18 needed in that early of a time frame and how they  
19 pay contractors by the hour and by the unit, you  
20 know, always kind of gave me heartburn. Instead of  
21 paying for the job you get you pay them by the  
22 hour. You know, if it's raining or whatever,  
23 they're sitting around, you're not getting your  
24 money's, you know, worth out of the contract, and I  
25 just didn't feel like the lines were adequately

1                   needed at that time.

2    Q               Did you refuse to do what you were asked?

3    A               I refused to sign the work plan for the two and a

4                   half million.

5    Q               Okay.

6    A               So I--because I felt like that was my credibility

7                   on the line.

8    Q               What was the results of your refusal to

9                   carry out this task?

10   A               I think it caused us some hardship between me and

11                   Mr. Hampton.

12   Q               Okay. During the course of your

13                   employment at CVE did you have any

14                   opportunity to learn of the name of an

15                   individual named Ken Lay?

16   A               Yes.

17   Q               Was Ken Lay an employee of CVE during the

18                   time you worked there?

19   A               Not during the time I worked there, but it's my

20                   understanding he was a previous employee of CVE.

21   Q               Okay. Do you know whether Mr. Lay owns a

22                   business?

23   A               Yes, Lay Tree Trimming.

24   Q               Okay. Does that business do any work for

25                   CVE?

- 1 A Yes, cuts right-of-way for CVE.
- 2 Q Okay. Is Mr. Lay any relation to Ted Hampton?
- 3 A It's my understanding it's his cousin.
- 4 Q Is Mr. Lay related in any other way to
- 5 any other CVE employee?
- 6 A Not to my knowledge.
- 7 Q Is he related in any other way to any other CVE
- 8 officer?
- 9 A I do not have information on that.
- 10 Q Okay. Do you know what type of work Mr.
- 11 Lay performs for CVE? I think you
- 12 already...
- 13 A Cutting of right-of-way.
- 14 Q Cutting right-of-way? And do you have any
- 15 knowledge regarding the billing arrangements
- 16 between Mr. Lay and CVE?
- 17 A To my knowledge the billing arrangements is they
- 18 bill Cumberland Valley for right-of-way, and of
- 19 course they're paid by the hour as well, and the
- 20 bills go directly to Mr. Hampton and he approves
- 21 and--approves that for payment.
- 22 Q Okay. Do you know the basis for how Mr.
- 23 Lay is paid for the services he and his
- 24 company render to CVE? For instance, is
- 25 it by the job, monthly, weekly, hourly?

1 A Hourly.

2 Q Hourly? Based on your experience in the  
3 utility industry, is it unusual that a  
4 utility contractor is paid on an hourly  
5 basis?

6 A I think so, yes.

7 Q Why is it unusual?

8 A Well, in cutting of right-of-way, you know, many  
9 things can deter that, you know, weather related.  
10 Most cooperatives that I've been associated or been  
11 around have always contracted out a job, you know,  
12 per feet or per mile of line, and you know, pay a  
13 set fee. You know, it's easier to budget and you  
14 know what you need to cut, but when you're paying  
15 by the hour and you keep paying the approximate  
16 same amounts every year with just a slight  
17 increase, you know, that's an odd--odd situation.  
18 You know, and Mr. Norman has suggested many times  
19 on a spraying right-of-way, the part, the growth,  
20 you know, the trees and things like that.

21 Q Right.

22 A So you know, I don't think that's ever been  
23 followed up on or even taken advantage of, you  
24 know, to help cut back on those expenses.

25 Q Okay. Do Mr. Lay and his company provide

1 the equipment they use to perform those  
2 services for CVE?  
3 A To my knowledge it's CVE's equipment.  
4 Q What type of equipment?  
5 A Chipper trucks, pickup trucks and radios, gas is  
6 provided, chain saws.  
7 Q How do you know this?  
8 A Just from working in the utility for the past nine  
9 and a half years and just talking with other  
10 individuals at the cooperative.  
11 Q Okay.  
12 A Now, that has been brought up on occasion as I was  
13 an employee there.  
14 Q Does it strike you as unusual in any way that CVE  
15 provides all the equipment for Mr. Lay to use?  
16 A Yes. You know, if you're going to provide all the  
17 equipment and basically you're just using the  
18 contractors to provide the labor, I mean, you know,  
19 it just doesn't make sense, especially for what the  
20 labor is paid. Most of the labor for them they're  
21 paid minimum wage, maybe a little better than  
22 minimum wage, you know, and then of course you're  
23 paying out high dollar, twenty to twenty-five  
24 dollars per hour per man and then they get paid  
25 minimum wage, you know, I can't see the advantage

1                   there to not just hire that person. You own all  
2                   the equipment, you know, provide jobs for the  
3                   people you serve instead of just basically paying  
4                   through one man.

5    Q               Okay. Was an hourly rate charged for  
6                   labor also?

7    A               Yes.

8    Q               I mean--okay, we went over that. What  
9                   was it--was an hourly rate charged for  
10                  equipment too?

11   A               To my knowledge, you know, if any contractors uses  
12                  their equipment, you know, of course they're  
13                  compensated for that, but you know, I don't know  
14                  the exact details.

15   Q               Okay.

16   A               I just know all contracting there to my knowledge  
17                  is paid by the hour, construction and right-of-way.

18   Q               Who at CVE was responsible for handling  
19                  business operations with right-of-way  
20                  contractors?

21   A               Ted Hampton.

22   Q               Okay, did Ted Hampton also manage business  
23                  relations with some of CVE's other contractors?

24   A               You know, I don't know the answer. I'm sure if  
25                  needed he would do that.

- 1 Q Did Ted Hampton's hold--excuse me, did  
2 Ted Hampton hold staff meetings with his  
3 staff from time to time?
- 4 A Yes.
- 5 Q During any of these meetings did Ted  
6 Hampton explain why he wanted to closely  
7 supervise all the dealings with right-of-  
8 way contractors?
- 9 A Ted has made the mention in staff before that he  
10 takes care of right-of-way, and he has made the  
11 statement that was his Florida money.
- 12 Q What do you think he meant by it's his  
13 Florida money?
- 14 A Well, I didn't try to--try to, you know, get into  
15 that, but you know, he has made that statement to  
16 staff before.
- 17 Q Were there other people present at these  
18 meetings when he'd made that statement?
- 19 A Yes.
- 20 Q Who were they?
- 21 A Robert Tolliver, Robert Prevatte, Wayne Bryant.
- 22 Q Was there any particular piece of  
23 equipment that was owned by CVE and used  
24 by its contractors that came to your  
25 attention?

1 A Nothing in particular. To my knowledge most of the  
2 equipment belonged to CVE, so not a particular  
3 piece of equipment.

4 Q Was there a bulldozer?

5 A Yes. That was definitely a kind of oddball  
6 purchase when he--Cumberland Valley bought a  
7 bulldozer from Ronnie Corey, and the bulldozer to  
8 my knowledge was not even operational. I think  
9 they spent approximately sixty or eighty thousand  
10 dollars on the bulldozer and then plus bought  
11 additional equipment at some later date for  
12 approximately \$45,000.00.

13 REPORTER: Approximately what?

14 A Approximately sixty to eighty thousand for the  
15 bulldozer, and other equipment was purchased as  
16 well for approximately forty, and it was just a  
17 little bit of odd to me that you're buying a piece  
18 of equipment that, you know, I'm assuming that was  
19 going to be used for right-of-way that was not even  
20 operational. They had to do additional things to  
21 the equipment to get it to run.

22 Q Okay. So who did use the bulldozer?

23 A To my knowledge it sat there. The time I was  
24 employed there it was never used.

25 Q Okay. Mr. Carroll, in the course of your

1 meeting with our office you provided us  
2 with a copy of a document, and I'd like  
3 to show you that at this time.

4 A Okay.

5 Q And I have copies here for everybody so  
6 I'm going to pass them around the table.

7 Okay, I think everybody has one now, and  
8 can you identify this document?

9 A Yes.

10 Q Okay, what is it? Could you explain to  
11 us what it is?

12 A This is the purchase of the bulldozer for  
13 \$60,000.00.

14 Q Okay, up at the top it says invoice validation  
15 inquiry, so tell me first of all, how did you  
16 obtain this document?

17 A This document was kept in a folder during my  
18 employment at Cumberland Valley Electric. This  
19 could be obtained going through the billing system.  
20 All documents that are purchases and stuff like  
21 that were--can be obtained--this had actually come  
22 off the billing system.

23 Q Do you believe this copy is true and it fairly and  
24 accurate represents the original record on file  
25 with CVE?

1 A Yes, I do.

2 Q Do you have any reason to doubt its veracity or  
3 accuracy?

4 A No.

5 Q Did you alter this document in any way, shape or  
6 manner?

7 A No.

8 MR. COOK: At this time I'd  
9 like to admit this document as  
10 Attorney General No. 1.

11 MR. HAUSER: Note my, I don't know if it's  
12 an objection, but the original document  
13 obviously is the best evidence.

14 **\*\*\*Attorney General Exhibit 1 so marked and attached**

15 Q Let me go over this document a little bit more with  
16 you. Up near the top it has the name Ronnie Corey.  
17 Do you see where it says that?

18 A Yes.

19 Q Okay, and then it has a series of dates  
20 going down through the middle there, it  
21 starts with 7-24-2003 and 2-14-2003, and  
22 it ends with 7-26-2001, and then a little  
23 bit over to the right it has a  
24 description looks like, they have  
25 materials, trailer, GMC truck and bucket

- 1 and a long track dozer, is that correct?
- 2 A That is correct.
- 3 Q Okay. So is this basically sort of an abbreviated
- 4 statement of what materials CVE paid to Ronnie
- 5 Corey over this time period, is that what this
- 6 document is?
- 7 A That would be a description of the payment.
- 8 Q Okay.
- 9 A It actually says that too right above it, invoice
- 10 description.
- 11 Q Okay, alright. And let me ask you, who
- 12 is Ronnie Corey?
- 13 A A contractor with Cumberland Valley.
- 14 Q Is he a friend of Ted Hampton's?
- 15 A Is he a what?
- 16 Q A friend of Ted Hampton's?
- 17 A Mr. Corey's father served on Ted's board.
- 18 Q Oh, okay.
- 19 A CVE's board.
- 20 Q On the board of director's of CVE?
- 21 A Yes, Harry Corey, who is deceased at this time.
- 22 Q Okay. So if I understand correctly then,
- 23 Mr. Corey owns a business, correct?
- 24 A That is correct to my knowledge.
- 25 Q And do you know what the name of that

- 1 business is?
- 2 A It's Five C Construction.
- 3 Q That's the number 5 and dash C, is
- 4 that...
- 5 A I think it's actually spelled out, Five C.
- 6 Q Oh, so the word five, okay.
- 7 A That's just to my knowledge, it's the number.
- 8 Q Does Five C--it appears from this
- 9 document that Five C does business with
- 10 CVE, am I correct in that?
- 11 A That is correct.
- 12 Q Okay. Who sold the bulldozer to CVE?
- 13 A My assumption would have to be Ronnie Corey, since
- 14 that's the vendor name.
- 15 Q Okay. Do you know whether Five C ever
- 16 sold any other materials to CVE that are
- 17 not depicted on this document?
- 18 A Not to my knowledge.
- 19 Q Okay. Did any other contractors working
- 20 on behalf of CVE ever have opportunity to
- 21 use the bulldozer?
- 22 A You know, that would be a--I never seen the
- 23 bulldozer used, but you know, I don't know. I'm
- 24 sure it was available.
- 25 Q Okay, okay. Do you have any knowledge

1                   regarding the identity of the accountant  
2                   for Five C Construction?  
3    A               To my knowledge Wayne Bryant was the accountant for  
4                   Five C Construction.  
5    Q               Is that the same accountant that CVE  
6                   used?  
7    A               Yes.  
8    Q               Was Wayne Bryant an employee of CVE or  
9                   was he...  
10   A               He's a--he was an employee. I think he just  
11                   recently retired. Wayne, to my knowledge, is  
12                   cousins with the Coreys.  
13   Q               Okay. Did Mr. Bryant also handle any  
14                   details regarding CVE contributions  
15                   toward Ted Hampton's retirement fund?  
16   A               The retirement fund as explained to me, CVE  
17                   employees at the time were being paid 15 percent to  
18                   their 401K, and at some point in time in the past  
19                   ten, twelve years or so CVE purchased back the  
20                   NRECA retirement.  
21   Q               And that's the National...  
22   A               Rural Electrical Cooperative Association, and  
23                   bought back their time as if it were day one, which  
24                   cost CVE to my knowledge over a million and a half  
25                   dollars. We'd probably have to get the exact

1 figures from them and then they forego--or they  
2 surrendered I'll say ten percent of that 15 percent  
3 contribution so that they dropped down to five  
4 percent, but that was for future allocations.  
5 People like Mr. Hampton that had his 30 years in  
6 could have retired that day and basically had money  
7 from that transaction. You know, I felt as an  
8 employee that was wrong. I don't see how taking  
9 money from the company and basically sticking it in  
10 your own retirement fund, I don't see how that's  
11 justified to give up future allocations when you're  
12 eligible to retire. Some of the employees were  
13 eligible immediately to quasi-retire and start  
14 again on their retirement. Ted, when he brought  
15 his cousin in, first cousin, Jay Hampton, done the  
16 same thing for Jay Hampton, bought his retirement  
17 back after he served probably 28 years out in the  
18 field, I think cost the co-op, the figures I was  
19 getting was around four hundred thousand dollars to  
20 purchase that for him as well when he brought him  
21 on as salary.

22 Q You mentioned the figures you were  
23 getting. How did you come to learn this?

24 A Through accountants at the cooperative.

25 Q Okay. Can you tell me the names of those

1 accountants?

2 A The accountant I heard this information from was

3 Robert Tolliver.

4 Q Robert Tolliver, okay. Are you familiar

5 with an individual named John Rex

6 Hampton?

7 A I know of him, yes.

8 Q Okay, is he related in any way to Ted Hampton?

9 A It's his brother.

10 Q Is J.R. Hampton married?

11 A Yes.

12 Q What is his wife's name?

13 A Karen Hampton, employee of Cumberland Valley.

14 Q Do you know how she spells her first

15 name?

16 A I think K-a-r-e-n.

17 Q Okay. Does J. R. Hampton now or has he

18 ever at anytime worked for CVE?

19 A Only in a contracting role to my knowledge.

20 Q Do you know whether J.R. Hampton has ever

21 worked on any CVE vehicles?

22 A I know J. R. Hampton worked on his vehicles of the

23 trucking business, Southeastern Transportation of

24 which Ted Hampton's the owner, on CVE property.

25 You know, and that was a, lot of times, every

1 weekend ordeal to my knowledge. And also that was  
2 with CVE resources, tools and equipment.

3 Q Okay, so if I understand you correctly,  
4 J. R. Hampton was not an employee of CVE,  
5 but he did work on trucks owned by a  
6 company called Southeast Transportation?

7 A Yes, to my knowledge.

8 Q And we know from discovery responses that the  
9 company has already admitted that Ted Hampton owns,  
10 or at least at one time owned Southeast  
11 Transportation, and if I understand correctly you  
12 said that J. R. Hampton worked on those Southeast  
13 Transport, and I'll call it SET, SET trucks on CVE  
14 property using CVE materials, is that correct?

15 A To my knowledge, yes. I have witnessed the trucks  
16 on the property.

17 Q You yourself witnessed that?

18 A I have witnessed that.

19 Q Okay. And do you know how J. R. Hampton was paid  
20 for his work on the SET vehicles?

21 A I have not a clue on that.

22 Q Okay.

23 A I know his brother, Elbert Hampton, who was an  
24 employee and now a board member at Cumberland  
25 Valley, accidently run over John Rex in one of the

1 trucks which broke his leg and an ambulance came  
2 out there during CVE business hours.

3 Q Okay. Does Karen Hampton now or has she  
4 ever at anytime ever worked for CVE?

5 A Karen works for CVE, yes.

6 Q Okay, in what capacity?

7 A She assists in the accounting and billing  
8 department.

9 Q Okay. In that capacity does Karen  
10 Hampton have the ability and occasion to  
11 execute financial documents such as  
12 payments to vendors?

13 A I--I could not really answer that question if she  
14 has that authority. At the time I was there Wayne  
15 Bryant did most of that.

16 Q Okay.

17 A Now, whether she has that authority, you know, with  
18 him I don't know.

19 Q Do you know whether J. R. Hampton and Karen Hampton  
20 were ever involved with an entity known as SECC?

21 A Yes.

22 Q Okay, and so your--the answer to that  
23 question is yes they were?

24 A Yes, they--to my knowledge, yeah, they were owners  
25 of SECC.

1 Q Okay.

2 A Her and her husband.

3 Q Do you know the nature of their  
4 involvement with SECC and exactly what  
5 the company did?

6 A I know that the--their involvement of doing some  
7 work on some trucks at one time. I don't know if  
8 it was like changing oils or doing some things like  
9 that, they were doing off site for a brief time.  
10 Their mechanic normally performed that, Mr. William  
11 Hamp--or Mr. McCuen, William McCuen. William  
12 McCuen was the mechanic at the time.

13 Q How do you spell that last name?

14 A I have no idea.

15 Q We'll get to that later. Go ahead.

16 A But I know that for a while duties--you know, he  
17 didn't perform those duties, they were done off  
18 site. Now, whether that was done by SECC or  
19 another entity, I know that was done through, what  
20 I was told at the cooperative, through the  
21 Hamptons.

22 Q Okay. Do you know whether SECC stands  
23 for anything?

24 A I have no idea.

25 Q Okay. In the course of your meeting with

1 the Attorney General's Office, you  
2 supplied us with another document which  
3 I'd like to show you. I believe this  
4 document is two pages. Can you identify  
5 this document?

6 A Yes. Invoice printed off the billing system,  
7 similar to the last document.

8 Q And the vendor name is SECC, is that  
9 correct?

10 A Yes.

11 Q How did you obtain this document?

12 A The same as the last, it can be printed off the  
13 billing system.

14 Q Okay. Do you believe this copy is true and it  
15 fairly and accurately represents the original  
16 record on file at CVE?

17 A Yes.

18 Q Do you have any reason to doubt its  
19 veracity or accuracy?

20 A No.

21 Q Did you alter this document in any way,  
22 shape or manner?

23 A No.

24 MR. HAUSER: Note my same objection,  
25 comment, on the original record.

- 1 Q What I'd like to do is just go over a few  
2 of what--a few items of what this invoice  
3 shows. Again, it was very--it's very  
4 similar it appears to the previous  
5 document admitted as an exhibit, and it  
6 shows dates, is that correct?
- 7 A It does show dates, yes.
- 8 Q And amounts further over to the right, is  
9 that correct?
- 10 A Correct.
- 11 Q So does this document show amounts paid from CVE to  
12 SECC?
- 13 A Yes.
- 14 Q And subject to my math being correct,  
15 does this document then show \$9,547.00 in  
16 CVE payments to SECC?
- 17 A That's approximately correct.
- 18 MR. COOK: Okay, I'd like to  
19 admit this document as AG No.  
20 2.
- 21 **\*\*\*\*Attorney General Exhibit 2 so marked and attached.**
- 22 Q Do you have any knowledge regarding the  
23 address listed for SECC?
- 24 A No knowledge. I've never seen an address other  
25 than Barbourville, Kentucky.

- 1 Q Do you know whether there was a P. O.  
2 box?
- 3 A No. No, not to my knowledge.
- 4 Q Do you have any knowledge of whether  
5 anyone ever witnessed a CVE employee or  
6 officer ever picking up SECC's mail at a  
7 P. O. box?
- 8 A No.
- 9 Q I'd like to show you another document and I'll pass  
10 exhibits around also. Can you identify this  
11 document for us?
- 12 A Yes, it is a check written from Cumberland Valley  
13 Electric to SECC in Barbourville, Kentucky.
- 14 Q And is the amount depicted here on this check?
- 15 A Two thousand five hundred and ten dollars and  
16 forty-five cents (\$2,510.45).
- 17 Q And who is the check signed by?
- 18 A Wayne Bryant and Robert Prevatte.
- 19 Q And who is Wayne Bryant and what did he  
20 do?
- 21 A He was the head accountant before he retired,  
22 assistant manager, Robert Prevatte was the office  
23 manager.
- 24 Q And they both worked for CVE?
- 25 A Yes.

1 Q And the second page here, can you identify that?  
2 A Yes, it's handwritten on the back of the check  
3 SECC.  
4 Q Okay, and there's a stamp on there, what does that  
5 say?  
6 A For deposit only Cumberland Valley RECC.  
7 Q Okay. And do you have any knowledge regarding who  
8 this check may have been cashed by?  
9 A Yes, totally from what was told to me.  
10 Q Who would that have been?  
11 A Robert Tolliver.  
12 Q Robert--Robert Tolliver cashed this check  
13 or...  
14 A No, he--to his know--or to my knowledge, what was  
15 told to me, that Karen Hampton cashed this check.  
16 Q Oh, okay.  
17 A Put it in the drawer of CVE, took the cash and put  
18 it in her purse.  
19 Q And the reason why you said Robert, was  
20 that the person from whom you learned  
21 this?  
22 A Yes, that was obtained...  
23 Q Okay, I wanted to clarify that. So if I  
24 understand correctly, you're saying Karen  
25 Hampton, who was an employee of CVE,

1                   cashed this check made payable to SECC,  
2                   and did you say that she put the money in  
3                   her purse, is that...

4    A               Yes, that's what was reported to me.

5                               MR. COOK: Okay. I'd want to  
6                               go ahead and move that this  
7                               exhibit be entered as AG next  
8                               in order.

9                               MR. HOWARD: Which would be No. 3.

10                              MR. HAUSER: My same notation or  
11                              objection, all copies.

12                   **\*\*\*\*Attorney General Exhibit 3 so marked and attached.**

13    Q               Okay, Mr. Carroll, do you have any knowledge about  
14                   an entity known as Southeast Petroleum, Inc.?

15    A               No.

16    Q               Okay. Do you know whether J.R. Hampton  
17                   might have been involved with Southeast  
18                   Petroleum?

19    A               Just through hearsay.

20    Q               So what was your understanding of that through  
21                   hearsay?

22    A               That he was a part owner...

23                              MR. HAUSER: Object to the hearsay.

24    A               That's just--I mean, that's just the truth, that's  
25                   how I heard it, just through another party.

1 Q I'm sorry, could you repeat that again?

2 A I just heard that through another--you know,  
3 through talking, just through hearsay. I don't  
4 have no knowledge of that personally.

5 MR. HAUSER: And I know it's been going  
6 on, but anytime anybody has--we note our  
7 ongoing objection to anybody whose Mr.  
8 Carroll has testified to somebody told  
9 him whatever that is, absolute hearsay.

10 MR. HOWARD: Well, we understand, and  
11 I'll be handling the objections on behalf  
12 of the Attorney General's Office, and Mr.  
13 Cook will be asking the questions, and I  
14 understand the objections, and by the  
15 way, we frequently do this at the PSC.  
16 Just go ahead and ask it.

17 Q Let me explain too to Mr. Carroll. From time to  
18 time attorneys will object, and it can happen on  
19 both sides where an objection will be entered, and  
20 what we do in that case that the objection is noted  
21 for the record, okay? And then we just go ahead  
22 and we go on with the next question and the witness  
23 will answer it.

24 A Okay.

25 Q Who--you stated earlier that you had

1 heard just through--just around the  
2 office that Mr. Hampton, that J. R.  
3 Hampton was involved in Southeast  
4 Petroleum. Who was it who told you that,  
5 do you know?

6 A Around the office, again that--I don't recall  
7 anybody, any individual that actually told me, I  
8 just remember hearing that.

9 Q Do you know whether CVE ever contracted with  
10 Southeast Petroleum for bulk fuel purchases?

11 A To my knowledge CVE did purchase fuel through that  
12 entity.

13 Q At this time I'd like to show you another document  
14 taken from the Kentucky Secretary of State web  
15 site. This document, this was not something you  
16 handed to me earlier, this was just public  
17 information available on the Kentucky Secretary of  
18 State web site, when we typed in Southeast  
19 Petroleum we got this result. Can you tell me from  
20 this document, about halfway down on the first  
21 page, who the registered agent is?

22 A John Rex Hampton.

23 Q Okay. And is that his address there in  
24 Smith Brewer Road?

25 A I do not know.

1 Q Okay.

2 MR. HAUSER: You going to introduce this  
3 as an exhibit?

4 MR. COOK: Yes. I'd like to move to have  
5 this introduced as the Attorney General's  
6 next in order.

7 **\*\*\*\*Attorney General Exhibit 4 so marked and attached.**

8 Q Mr. Carroll, do you have any knowledge  
9 about whether CVE at the times that it  
10 purchased fuel from SEP, SEP I'm  
11 referring to Southeast Petroleum, whether  
12 CVE ever received any bids from other  
13 fuel vendors? Did you understand my  
14 question?

15 A Yes, I understand you asked if I have any knowledge  
16 of other vendors I guess.

17 Q Right.

18 A No, I do not have any knowledge of that.

19 Q Okay. Are you aware of an entity known as  
20 Southeast Transport?

21 A Yes.

22 Q Okay, and I think we established earlier  
23 that in the Attorney General's  
24 supplemental discovery request AG246 Ted  
25 Hampton was identified as the owner of

1 Southeast Transport, and I'm going to  
2 refer to it as SET. I'm like to show you  
3 another document that I obtained from the  
4 Kentucky Secretary of State web site in  
5 that regard. Okay, we'll move on from  
6 that one, that's okay. Let's move along.  
7 Do you know whether CVE employees ever  
8 worked on or serviced Southeast  
9 Transportation trucks?  
10 A I know Southeast Transportation trucks were there  
11 on site at CVE on the premises and inside of locked  
12 gates. Mr. McCuen has worked on some of the  
13 Southeast Transportation trucks.  
14 Q Okay. And I think earlier you mentioned  
15 to us that one day there was an injury to  
16 somebody's foot. Whose foot was injured  
17 and how did that happen?  
18 A Elbert Hampton, a brother of Mr. Hampton, backed  
19 the truck or pulled the truck forward, whatever, he  
20 rolled the tire over John Rex Hampton's leg, which  
21 was to my knowledge broke his leg.  
22 Q Okay, so John Rex was injured and this  
23 would have been SET truck?  
24 A Truck on CVE property.  
25 Q On CVE's property, okay. And let's see,

1 I think you identified earlier that  
2 William McCuen worked on SET trucks, is  
3 that right?

4 A To my knowledge.

5 Q Okay. Do you know of anybody else at CVE  
6 who ever worked on SET trucks?

7 A No.

8 Q Okay. Do you know who else was aware of  
9 this?

10 A That the work was performed on those trucks?

11 Q Right.

12 A You know, not really, I don't--I don't...

13 Q Would Mr. McCuen know?

14 A Mr. McCuen would be the one to ask that question.

15 Q Okay.

16 MR. HOWARD: And just so we can have a  
17 clear record, if it's okay with counsel,  
18 the spelling of the last name for the  
19 court reporter, I mean do we have that  
20 available so we can have that now and try  
21 to avoid...

22 MR. COOK: I don't think we know it right  
23 now. Do you all know how McCuen's last  
24 name is spelled?

25 MR. HOWARD: I'm just trying to keep a

1 clean transcript.

2 TED HAMPTON: M-c-C-u-e-n.

3 MR. HOWARD: Thank you, Mr. Hampton.

4 Q Mr. Carroll, do you have any knowledge of what sort

5 of items SET trucks would transport?

6 A No.

7 Q Did SET employees ever come onto CVE

8 property at anytime?

9 A John Rex would be there from time to time, his wife

10 worked there. Not to my knowledge of any other

11 employees.

12 Q Okay. Did any of the CV--excuse me, did

13 any of the SET employees ever enter onto

14 the CVE business office and speak with

15 any CVE employees or officers?

16 A Other than John Rex, that would be the only one I'd

17 know of.

18 Q Do you know whether SET ever conducted any business

19 with CVE?

20 A Not to my knowledge.

21 Q Okay. To the best of your knowledge did

22 CVE ever make any payments to SET for any

23 reason?

24 A I have no knowledge of it.

25 Q Do you have any knowledge of an entity

1 called Knox Auto Parts?  
2 A Yes.  
3 Q How do you know of this?  
4 A Elbert Hampton was the owner of Knox Auto Parts to  
5 my knowledge, at one point in time.  
6 Q I'd like to show you a print-out from the Kentucky  
7 Secretary of State's web site.  
8 MR. HAUSER: Is this Exhibit 5?  
9 MR. HOWARD: That's the number I have,  
10 yes, sir.  
11 Q And Mr. Carroll, I just wanted to ask you  
12 if you can identify from this document  
13 who the registered agent for that company  
14 is?  
15 A John Rex Hampton.  
16 Q And a little further down it says who the  
17 director and incorporator was?  
18 A John Rex Hampton.  
19 Q Is that yes for both?  
20 A Yes.  
21 MR. HAUSER: Just note my objection to  
22 his personal knowledge. I'm assuming  
23 you're just asking him to read what's on  
24 the paper.  
25 MR. COOK: Right. Okay, move to admit



- 1 Q ...from CVE?
- 2 A Yes. Or it was written from Knox Auto Parts.
- 3 Q Okay. Do you have any recollection of
- 4 what the amount of that invoice was?
- 5 A It wasn't a big amount. I can't remember--I do not
- 6 recall the exact amount.
- 7 Q Okay. Do you know what type of business
- 8 that Knox Auto Parts did for CVE?
- 9 A Just selling of material, tools. I don't really
- 10 know the exact, if they done any type of other, you
- 11 know, business related items other than sell
- 12 material.
- 13 Q Okay. Do you have any knowledge about
- 14 how much business in rough dollar figures
- 15 was transacted monthly between the two?
- 16 A The best knowledge that I can recall of seeing any
- 17 transact, I can remember seeing some stuff that
- 18 would run into thousands of dollars in a month, and
- 19 then business ceased to exist with Knox Auto after
- 20 the Hamptons sold that business or whatever they
- 21 did with the business.
- 22 Q Okay.
- 23 A No longer did those thousands of dollars need to be
- 24 spent. I did not see nor do I recall any other
- 25 business that kind of took that place.

- 1 Q Okay. And I think you told us earlier  
2 that Knox Auto Parts provided parts and  
3 other materials...
- 4 A Yes.
- 5 Q ...to CVE?
- 6 A Yes.
- 7 Q Did Knox Auto Parts purchase these products and  
8 then re-sell them to CVE?
- 9 A Yes.
- 10 Q Were these products that only Knox Auto  
11 Parts could procure or they required some  
12 sort of special expertise that only Knox  
13 Auto Parts had?
- 14 A No.
- 15 Q How do you know this?
- 16 A Well, I mean, they're buying general tools and  
17 equipment. There's all kinds of auto parts stores.
- 18 Q Okay. Well, what kinds of tools and  
19 equipment, were they specialized for the  
20 utility industry?
- 21 A Seem--oils, rags, wrenches, you know, stuff to  
22 splice wire and cut, you know, just normal,  
23 everyday equipment that could be used utilized I  
24 assume at a utility.
- 25 Q With regard to the products that Knox

1 provided to CVE do you know whether there  
2 was a bidding process?

3 A Not to my knowledge.

4 Q And earlier I think you stated that the  
5 business relationship with Knox, that CVE  
6 had with Knox, ceased at a certain point.  
7 Do you know what caused that relationship  
8 to terminate?

9 A To my knowledge the--you know, just hearing at the  
10 office, but you know, Elbert's son Steve got a  
11 divorce or something and maybe they gave that to  
12 her side of her family and Steve took the house. I  
13 have--and again, that I'm sure is totally  
14 objectionable.

15 Q Well, let me ask you, you mentioned an  
16 individual named Steve, Steve Hampton.  
17 Does he bear any relationship with Ted  
18 Hampton?

19 A Yes, that's his nephew, Elbert Hampton's son. He  
20 worked at Knox Auto Parts for some period.

21 Q He worked at Knox? Do you know what he  
22 did at Knox?

23 A No, I really don't.

24 Q So let me see if I understand correctly,  
25 Steve was the son of Elbert, is that

1 correct?

2 A Yes.

3 Q Okay. And they both worked for Knox Auto  
4 Parts which did business with CVE?

5 A Elbert Hampton worked for Cumberland Valley  
6 Electric.

7 Q Elbert did?

8 A Elbert worked for Cumberland Valley, and Steve  
9 worked at Knox, which Steve now works at Cumberland  
10 Valley, but Steve worked at Knox Auto at the time.  
11 Elbert worked at Cumberland Valley Electric.

12 Q Okay, we're going to get to Elbert a  
13 little bit later in a little bit more  
14 detail. Do you have any knowledge of  
15 where CVE's records regarding its  
16 transactions with Knox Auto Parts would  
17 be kept?

18 A No.

19 Q With regard to CVE's records in general  
20 do you know where they are kept?

21 A Some records are kept in the basement, some in the  
22 office, the general billing office, some out in a  
23 little warehouse that's like a steel building,  
24 there's some records out there.

25 Q That warehouse, is that a separate

1 building...

2 A Yes.

3 Q ...from the main office?

4 A Yes.

5 Q Earlier we had mentioned Elbert and--

6 Elbert Hampton, and could you repeat

7 again his relationship with Ted Hampton?

8 A That's Ted's brother.

9 Q Okay. And just so I understand, did

10 Elbert play any role in Knox Auto Parts?

11 A Well, I was witness to Elbert speaking on the

12 phone, on a speakerphone actually, purchasing a

13 piece of equipment that was approximately three

14 thousand dollars. He negotiates the price with the

15 gentleman, hangs up, calls Steve at Knox Auto,

16 gives Steve the number of this person, buy this

17 equipment at three thousand, you sell it to

18 Cumberland Valley, and Steve asked the question

19 what do I sell it for, he said you sell it to

20 Cumberland Valley for six. And yes, I think Elbert

21 had some direct involvement with...

22 Q Okay.

23 A ...Knox Auto Parts.

24 Q Let me just, if you don't mind if I could

25 go back over what you just said just so

1 I--first to make sure I understand and  
2 make sure it's clear for the record too.  
3 A Okay.  
4 Q So you personally overheard...  
5 A I was standing in the office.  
6 Q You were standing in the office when  
7 Elbert Hampton, who you had earlier said  
8 was working for CVE?  
9 A Yes, this was during CVE business hours.  
10 Q Okay, and he was on a speakerphone and  
11 who was he talking with?  
12 A His son, Steve.  
13 Q His son, Steve?  
14 A At Knox Auto.  
15 Q And what was the nature of their--what  
16 were they discussing, a piece of  
17 equipment did you say?  
18 A It was a piece of equipment.  
19 Q Do you know what kind of equipment?  
20 A To my knowledge it was some type of motor or  
21 something, but I don't--I can't recall the exact  
22 piece of equipment. I just remember making a  
23 comment to Elbert that, hey, you should ask me to  
24 leave the room and I don't need to hear that.  
25 Q So you had said that to Elbert...

1 A After, yes, after he got off the phone.  
2 Q Okay. And Elbert had told--tell us again  
3 in your words what it was that Elbert  
4 told Steve.  
5 A Steve, he told Steve that he just negotiated a  
6 price for three thousand dollars...  
7 Q He who negotiated that?  
8 A Elbert negotiated a price to the vendor for three  
9 thousand dollars. Elbert then asked Steve to call  
10 this vendor at this number to purchase that piece  
11 of equipment and sell that piece of equipment to  
12 Cumberland Valley Electric. Steve asked Elbert,  
13 how much do I need to sell it to Cumberland Valley  
14 for. Elbert's reply was for six thousand dollars.  
15 Q So if I understand what you're saying  
16 then, is that CVE could have purchased  
17 this equipment from a vendor and that  
18 Elbert had even been negotiating with  
19 this vendor and could have purchased this  
20 equipment for three thousand dollars, but  
21 he instructed his son who was working for  
22 Knox Auto Parts to procure that item and  
23 resell it to CVE at double the price?  
24 A Yes.  
25 Q Okay. Do you know whether Elbert was

1                   ever involved in any other businesses?

2    A               He was on the board at the hospital here in

3                   Barbourville.

4    Q               Would that be the Knox County Hospital?

5    A               Yes, Knox County Hospital.

6    Q               Okay. I'd like to show you some

7                   documents that again we obtained from

8                   Kentucky Secretary of State's web site.

9                   We'll distribute these. Alright, on page

10                  one this document shows a Knox County

11                  General Hospital is the entity and the

12                  information was retrieved, and can you

13                  tell who the president of this Knox

14                  County General Hospital was?

15   A               Elbert R. Hampton.

16   Q               Okay, to your knowledge is that the same Elbert

17                  Hampton who worked for CVE who is a relative of Ted

18                  Hampton?

19   A               Yes.

20                               MR. HAUSER: Note my objection to the

21                               relevance of this piece of paper.

22                               MR. COOK: We'll go ahead and introduce

23                               this as Attorney General's next in order.

24                               MR. HOWARD: Which would be No. 6

25                               according to my records.

1           \*\*\*\*Attorney General Exhibit 6 so marked and attached.

2    Q           Okay, the Elbert--Mr. Carroll, we mentioned Elbert

3           Hampton. Is Elbert Hampton, the one that worked at

4           CVE, is he also a member of a Charleston Bottoms

5           Rural Electric Cooperative Corporation?

6    A           I have no knowledge of that.

7    Q           Okay. There toward the back of this

8           document that was just entered, one, two,

9           three, about five pages back there's a--

10          we entered information for Charleston

11          Bottoms Rural Electric Co-Op, and about

12          two-thirds down the page it lists a

13          series of directors, and does Elbert's

14          name appear there also?

15   A           Yes.

16   Q           Okay. And I believe you said earlier that Elbert

17          was an employee of CVE. Do you know if he still

18          is?

19   A           He is retired from CVE and is now a board member of

20          CVE.

21   Q           He's now a member of the CVE board of

22          directors?

23   A           That is correct.

24   Q           Okay. Do you know whether Elbert was

25          ever an employee at the same time that he

1 was a member of the board of directors of  
2 CVE?  
3 A I don't have any knowledge if he would have been.  
4 Q Okay.  
5 A I assumed he was retired.  
6 Q Okay. Do you have any knowledge  
7 regarding a power line that was run to a  
8 cabin off of Red Bird Road?  
9 A I don't have much knowledge of that particular  
10 power line.  
11 Q Okay. If I mentioned to you the name J.  
12 B. Johnson, does that mean anything to  
13 you?  
14 A No.  
15 Q Do you know anything about the laying of  
16 a line to the Whitley County School  
17 System?  
18 A No.  
19 Q In the course of your employment with CVE have you  
20 ever learned of lines being laid which in your  
21 opinion were not necessary?  
22 A I felt some lines were reconstructed prematurely.  
23 You know, I always kind of felt if we're going to  
24 depreciate these for 30 years or X amount of years  
25 that we should give it that opportunity to be there

1 for that amount of time to be depreciated off the  
2 books properly. But yes, I had felt that some  
3 lines were built prematurely.

4 Q In the course of your employment with CVE  
5 did you ever learn of any jobs which may  
6 have been started for which a customer  
7 would have to pay a certain portion but  
8 for which the customer was not charged?

9 A I personally would not know that.

10 Q Alright, okay. And do you have any  
11 knowledge regarding any other work that  
12 CVE conducted that may have been  
13 unnecessary? You mentioned some power  
14 lines.

15 A Well, just--just through the years, you know,  
16 there's sometimes there's power lines that are  
17 constructed that just appear not needed at that  
18 time, could have been prolonged, saved money, you  
19 know, during that time.

20 Q Did anybody at CVE ever instruct you to  
21 add money to projects?

22 A Mr. Hampton instructed me to add money to a work  
23 plan at one time that we discussed earlier.

24 Q Okay, he asked--I didn't understand what  
25 that was.

1 A Mr. Hampton asked me to add money to a work plan.  
2 Q A work plan?  
3 A For construction.  
4 Q Oh, okay.  
5 A A construction work plan.  
6 Q Yeah, I think we discussed that.  
7 A We discussed that a little bit earlier.  
8 Q Okay. And you refused to add it...  
9 A Yes, I did.  
10 Q ...is that correct?  
11 A Yes, I did.  
12 Q Okay. Now, Mr. Carroll, we know from our  
13 written discovery that CVE obtains at  
14 least a portion of its funding from the  
15 RUS loans. Do you have any knowledge  
16 about what the proceeds for those loans  
17 were spent on?  
18 A Spent on construction at CVE.  
19 Q Would that have included right-of-way  
20 work?  
21 A Right-of-way would be included. Most of it would  
22 be on your day to day construction or building of  
23 lines, tie lines or just normal CVE business.  
24 Q Okay. And would--to your knowledge did  
25 Ken Lay work on any of the right-of-way

1 work for which RUS loans were received?

2 A Kenneth Lay owned the company to my knowledge, but  
3 Kenneth Lay did not, you know, go out in the field  
4 and actually do work himself.

5 Q I understand.

6 A Mr. Hampton kept an eye on the right-of-way people.  
7 Sometimes he'd have Cumberland Valley servicemen go  
8 out and check on some of the right-of-way  
9 personnel.

10 Q Mr. Carroll, do you have any knowledge  
11 regarding how an individual comes to be  
12 on the CVE board of directors?

13 A To my knowledge people like Elbert was appointed by  
14 Ted Hampton. Actually, two or three were  
15 appointed, the last two or three that I know of  
16 were appointed to my knowledge.

17 Q Do you know whether there were any  
18 elections to the board of directors?

19 A Not to the last current ones that's been appointed  
20 to that board, I don't know of any election. I do  
21 know that Mr. Lay on that board, at the time he was  
22 appointed, was not a member of Cumberland Valley  
23 Electric, and later became a member. His father  
24 was a member, but he himself was not a member at  
25 the time he was appointed.

1 Q Okay, so...

2 MR. HAUSER: Who is that? He's referred  
3 to Mister...

4 Q Could you repeat that again?

5 A Mr. Lay.

6 MR. HAUSER: As a member of the...

7 A Board.

8 MR. HAUSER: ...board? What's his first  
9 name?

10 Q What was Mr. Lay, was that his father or relative  
11 of Mr. Ken Lay?

12 A I don't know his first name. I have no idea if  
13 there's any kinship there.

14 Q Oh, okay.

15 A I have no knowledge of that.

16 Q Oh, okay. So it was another individual with the  
17 last name of Lay, or you don't know...

18 A It's Lay or--you know, I don't know him personally,  
19 I just know--I just know from CVE, being there at  
20 CVE.

21 Q Okay, so if I understand correctly, there  
22 was an individual on the CVE board of  
23 directors with the last name of Lay, but  
24 you don't know whether that individual  
25 was related to the Kenneth Lay...

- 1 A Right, I don't have no knowledge of anything like  
2 that, no.
- 3 Q Okay, okay. Do you have any knowledge  
4 regarding the keeping of CVE corporate  
5 minutes?
- 6 A The CVE corporate minutes as to my knowledge is  
7 kept by Ted Hampton.
- 8 Q Is Ted Hampton the secretary, the  
9 corporate secretary, do you know?
- 10 A No, he wouldn't be the secretary. They would have  
11 an appointed secretary.
- 12 Q So Mr. Hampton is the one who takes the  
13 corporate minutes?
- 14 A Yes. To my knowledge he's the one that takes the  
15 corporate minutes.
- 16 Q Are there other relatives of Ted Hampton's who  
17 either currently are or ever have worked for CVE?  
18 And I think you previously identified a Jay  
19 Hampton?
- 20 A Yeah, you have Ted Hampton, Jay Hampton, Elbert  
21 Hampton, Karen Hampton, Steve Hampton. I know his  
22 daughter worked there part-time, Amy Hampton, just  
23 while she was going to school.
- 24 MR. HOWARD: Whose daughter, I'm sorry?
- 25 A Ted's daughter, I'm sorry, Ted Hampton's daughter,

1 Amy Hampton just temporarily while she was going to  
2 school. And Lori Beth Hampton, which is the  
3 daughter of Karen and John Rex, to my knowledge  
4 worked there temporarily I'm assuming the same.

5 Q Okay. And those individuals you just  
6 mentioned, do you know in what capacity  
7 they worked there at CVE?

8 A Jay was a superintendent, or currently  
9 superintendent, but used to be a serviceman for  
10 probably 25, 28 years approximately. Elbert was  
11 the superintendent retired and then became a board  
12 member and Jay took his position. Steve was hired  
13 on as a serviceman to my knowledge, or a lineman,  
14 serviceman/lineman I guess. I assume he was  
15 probably a lineman. Karen we discussed earlier,  
16 she worked in the billing and accounting  
17 department.

18 Q Okay, and I think you mentioned, was  
19 there Karen's daughter also?

20 A Lori Beth and Amy were just temporary.

21 Q Oh, temporary?

22 A Temporary help, was not...

23 Q Okay. And we previously discussed that Elbert is a  
24 retired superintendent, he's currently on the board  
25 of directors, is that correct?

1 A Yes.

2 Q Do you know who he replaced on the board  
3 of directors?

4 A No.

5 Q Okay. Are you aware of any contractors  
6 who stopped doing business with CVE?

7 A I don't have full knowledge of the contracting  
8 situation on that, so I don't think I would be  
9 appropriate, just things that I've heard.

10 Q Okay, has anybody ever told you, and we  
11 can identify this as whether you learned  
12 secondhand from someone else?

13 A Well, let's see, I was out at lunch one time when  
14 there was a contractor that claimed to have worked  
15 for CVE and quit doing business with CVE because,  
16 you know, they didn't like the way business was  
17 handled there. They made comments of, you know,  
18 they couldn't afford to work at CVE. You know, I  
19 just don't want to put words into something--I want  
20 to keep things pretty factual here and...

21 Q I understand.

22 A I don't want to...

23 Q I understand.

24 A To my knowledge the gentleman's name was Lansford  
25 Lay.

1 Q Lansford Lay? And this is regards to the person  
2 who was on the board...  
3 A Board.  
4 Q ...of directors? Okay.  
5 A Supposing.  
6 Q Earlier we had said we don't know, you had said you  
7 don't know...  
8 A Right.  
9 Q ...if he is related in any way to Kenneth  
10 Lay, is that right?  
11 A I have no knowledge of anything like that.  
12 Q Alright. Do you have any knowledge of  
13 anyone working for CVE who may have  
14 expressed some sort of statements about  
15 having great confidence in getting the  
16 CVE rate request approved with the PSC?  
17 A I've heard--I've heard that statement. I have  
18 heard the statement that Elbert has a lot of  
19 contacts in that area, he was state representative  
20 one time. I've heard somebody make that statement,  
21 that Elbert could probably get this smoothed over.  
22 MR. HAUSER: Object to the hearsay,  
23 object to the relevance.  
24 Q Do you have any knowledge of anyone at  
25 the Kentucky Public Service Commission

1                   who may have learned of some allegations  
2                   of wrongdoing at CVE?  
3    A               Yes, I have had Dennis Hildenbrand.  
4    Q               Do you know how to spell that last name?  
5    A               No. But he did report to me that he had talked  
6                   with Drucilla Foley, secretary of Ted Hampton and  
7                   said that Drucilla had told him some disturbing  
8                   information about the cooperative and actually was  
9                   into tears and then making the comment to him that,  
10                  you know, she can't believe she's even telling him  
11                  this. So this come straight from Dennis  
12                  Hildenbrand to me because he was substantiating  
13                  some of the information that I was discussing.  
14   Q               This individual, Dennis Hildenbrand, did  
15                  he at one time work at the PSC, is that  
16                  correct, or...  
17   A               To my knowledge.  
18   Q               ...do you know...  
19   A               He did work at the PSC.  
20   Q               Okay.  
21   A               He may be retired at this time.  
22   Q               Do you know whether the PSC ever  
23                  investigated any of these allegations?  
24   A               Dennis told me that he took the information to his  
25                  immediate supervisor and that was the end of it, he

1 heard nothing else of it.

2 Q So the way you learned of this was that

3 Dennis told you this, is that correct?

4 A That is correct, Dennis told me that personally.

5 Q Did CVE ever file a civil suit against

6 you?

7 A Yes, they did.

8 Q What were the allegations?

9 A Just returning of some equipment that I had not

10 gave back to them, and my stance was I was

11 basically telling them to come and get the

12 equipment and they wanted me to deliver the

13 equipment, so I did do that.

14 Q Was that suit settled?

15 A Oh, yes.

16 Q Okay. Were any criminal charges filed

17 against you arising out of that incident

18 that was the subject of the civil suit?

19 A Not to my knowledge. I know of nothing like that.

20 Q Alright. And were you terminated from

21 CVE?

22 A Yes, Mr. Hampton and Mr. Bryant, Wayne Bryant was

23 present, he told me he was laying me off due to

24 hiring consultants was what he told me, and that

25 was on July 27th of '04.

1 Q Okay, and the reason he said was hiring  
2 consultants, I didn't understand what  
3 that meant. Could you explain?  
4 A Patterson & Dura were consultants that he was using  
5 and that was just how he laid it out to me. You  
6 know, I'm laying you off, we've hired consultants.  
7 That was pretty much about it.  
8 Q Okay. And do you believe that there is  
9 another reason for the termination?  
10 A I have my beliefs, yes, but I don't know if  
11 that's...  
12 Q Okay, well, if you don't want to go into  
13 it, that--that's...  
14 A Yeah. I mean, I have my opinions.  
15 Q Have you ever heard of CVE being referred  
16 to as Hampton Valley?  
17 A Yes. At different meetings, at different  
18 engineering meetings I've heard that before. I've  
19 heard that as people making jokes.  
20 Q Previously, Mr. Carroll, we had introduced AG No. 1  
21 and AG No. 2, they were these two invoices.  
22 A Uh-huh.  
23 Q The Ronnie Corey invoice and the invoice  
24 for SECC.  
25 A Yes.

- 1 Q Do you know who would have access to these to get  
2 an original?
- 3 A I would assume CVE could do that through their  
4 accounting department.
- 5 Q Okay, is there an individual in the  
6 accounting department who could do this?
- 7 A To get the original?
- 8 Q Uh-huh.
- 9 A There's probably several in there that could get it  
10 I'm assuming.
- 11 Q Could you list their names for us?
- 12 A Well, the names I have, one's retired, Wayne Bryant  
13 could get that; Robert Prevatte could get that,  
14 he's just recently retired; Robert Tolliver could  
15 get that; Karen Hampton could get that.
- 16 Q Okay. Earlier we had talked about  
17 Kenneth Lay in regards to his business,  
18 and I believe you said it was Lay Tree &  
19 Brush, is that correct?
- 20 A Lay Tree Trimming.
- 21 Q Something like that?
- 22 A Yes.
- 23 Q Is Kenneth Lay related in any way to any  
24 other CVE employee, to your knowledge?
- 25 A Kenneth Lay? Not--to my knowledge not Kenneth.

1                   There's Five-C Construction, Brenda Corey has her  
2                   brother working out there.

3       Q            Okay, and I think you'd said earlier that  
4                   Kenneth Lay is related to Ted Hampton?  
5                   Cousins?

6       A            To my knowledge they're cousins.

7       Q            Let me ask you too...

8       A            That's what I was always told.

9       Q            I'm sorry, what was that?

10      A            That's what I was always told the whole time I was  
11                  employed there.

12      Q            Okay. Is Mr. Kenneth Lay also related in  
13                  any way to any member of CVE's board of  
14                  directors, to your knowledge?

15      A            Not to my knowledge.

16      Q            Okay. Do you know whether Ronnie Corey  
17                  is a friend of Ted Hampton's?

18      A            I couldn't...

19      Q            You're not sure?

20      A            Yeah.

21      Q            That's okay, if you don't know that's  
22                  okay.

23      A            Yeah.

24   MR. COOK: We're going over a  
25   few more things just to see if

1                   there's any more follow-up  
2                   here. That's all the questions  
3                   we have for you at this time.  
4                   Anita, do you want to do next  
5                   or do you...  
6                   MS. MITCHELL: No, go ahead.  
7                   MR. HOWARD: Yeah, I think during the  
8                   conference call it was decided Mr. Hauser  
9                   would go next.

10           CROSS EXAMINATION BY MR. HAUSER:

11    Q           Mr. Carroll, with respect to the tree trimming and  
12                   the construction, are you aware that there's a  
13                   bidding process for that?

14    A           Uh...

15    Q           You haven't testified to that.

16    A           No, I don't have any knowledge of any of the bids  
17                   or any kind of process.

18    Q           Are you aware that there exists a bidding process  
19                   though for that?

20    A           No.

21    Q           You're not?

22    A           I'm not aware--I was not involved with any bids at  
23                   Cumberland Valley Electric.

24    Q           Are you...

25    A           I'm sure--I'm sure...

1 Q You weren't involved with a lot of things you  
2 testified here today about, but--directly. I'm  
3 just asking you, did you have knowledge that there  
4 was bidding process on both the right-of-way work  
5 as well as the construction work?  
6 A No. Construction, you first said right-of-way.  
7 Yes, I am aware there is on construction. I'm  
8 aware that there is bids.  
9 Q Bidding under--bidding under a contract?  
10 A Yes.  
11 Q You indicated that one of your criticisms of the  
12 way some of these contracts are done, it's an  
13 hourly rather than a per job basis.  
14 A Yes.  
15 Q Are you aware of any other co-ops who do it on  
16 hourly basis?  
17 A No.  
18 Q Are you aware of any reasons that you might want to  
19 do it on an hourly basis?  
20 A I would assume that with the other cooperatives  
21 that I've talked with, most people, most  
22 cooperatives, do that on a per job basis. They  
23 feel that's a better way to bid it to get that  
24 fixed cost to put in their budgets. In talking  
25 with Mr. Norman, Mike Norman, he gave temporary

1 permission in his words to Cumberland Valley years  
2 ago to do it per hour and that was supposed to have  
3 ended, and that come straight from Mike Norman.  
4 That was not supposed to have been ongoing process.  
5 Q So when did you have this conversation  
6 with Mr. Norman?  
7 A That was probably within the past two and a half,  
8 three years. And I did have a witness there as  
9 well.  
10 Q Who would that be?  
11 A That would be Robert Tolliver.  
12 Q How did this conversation with Mr. Norman  
13 arise?  
14 A I don't recall what started the conversation.  
15 Q Was Mr. Norman--how--was Mr. Norman here,  
16 was he on the phone?  
17 A Oh, he was present.  
18 Q You've indicated there was a bulldozer  
19 that you said was never used at all, is  
20 that correct?  
21 A It wasn't used for the time I was there. It was  
22 parked in the same position.  
23 Q Are you aware that it's used for bush-hogging  
24 right-of-way, that they actually have--that's what  
25 it's used for, to bush-hog?

1 A When did that start? I'm not aware of that, no.  
2 Q So you don't have any knowledge whether  
3 it's--your testimony today is that it's  
4 never been used?  
5 A My testimony it was not used during the time I was  
6 employed there.  
7 Q And that was from May of 1995 until July  
8 of 2004, is that correct?  
9 A That was time of employment, correct.  
10 Q When was the bulldozer purchased?  
11 A It's on the invoice. 2001; July 26, 2001.  
12 Q So you're saying, your testimony is it never was  
13 used from 2001 until you left in...  
14 A '04.  
15 Q ...2004, is that correct?  
16 A That's correct. To my knowledge it was not used.  
17 Q So if it were used, you're just mistaken  
18 today then?  
19 A If it were used I would be mistaken, but I parked  
20 very near where the bulldozer stayed parked during  
21 the whole time.  
22 Q You've mentioned Mr. McCuen who works  
23 there, William, known as Boogie, Bogey?  
24 Bogey, you aware of that?  
25 A Yes.

1 Q You're aware of him. Do you, under--did  
2 you know whether or not while you were  
3 working there he was actually an employee  
4 or did he do contract work for them?  
5 A He started off contract. He became an employee  
6 before I left.  
7 Q Okay, so much of the time that he was  
8 there he just did work and then charged  
9 for what he did, correct?  
10 A He was a contractor for Cumberland Valley to my  
11 knowledge, worked on Cumberland Valley equipment on  
12 their property.  
13 Q And primarily what kind of work did he  
14 do?  
15 A Mechanic.  
16 Q He basically did all the work on trucks,  
17 vehicles for Cumberland Valley Electric  
18 by contract, is that correct?  
19 A To my knowledge, yes.  
20 Q You mentioned about certain tools have been  
21 purchased from Knox Auto Parts or other places. Do  
22 you have any reason to believe that the price--we  
23 gave one, other than this conversation that you had  
24 with Mr. Hampton, do you have any reason to believe  
25 that the price of those tools were higher than they

1                   should have been?

2    A               No.

3    Q               You don't have any knowledge of that?

4    A               No.

5    Q               As part of your work at Cumberland Valley

6                   Electric, were you in charge of the

7                   Turtle program?

8    A               Yes.

9    Q               Why don't you explain what everybody--

10                   what the Turtle program is?

11   A               Well, it's automatic meter reading system that was

12                   installed to read meters, you know, back to the

13                   office instead of having the meter readers go out

14                   and read your meter--read their meters.

15   Q               And did that begin after you became

16                   employed with Cumberland Valley Electric?

17   A               Yes.

18   Q               Do you remember the year they started the Turtle

19                   program?

20   A               It was around '96 I think, '96, '97, somewhere

21                   through there.

22   Q               And just so people will understand, what-

23                   -what does that involve? What is a

24                   Turtle and how does it work and how are

25                   they installed?

- 1 A It's an electronic device that goes in a meter,  
2 sends a signal back to the power line, collected at  
3 the sub-station and then downloaded into the office  
4 to give meter readings.
- 5 Q And is the idea of a Turtle to save the  
6 electric cooperative or the utility  
7 money...
- 8 A Yes.
- 9 Q ...in the long run? And during the  
10 entire time that you worked at Cumberland  
11 Valley Electric, was that your job, to  
12 install the Turtles? Or to supervise the  
13 installation?
- 14 A Supervise, yes.
- 15 Q As part of that supervision of Turtles,  
16 did you program--program the meters?
- 17 A Yes, on occasion.
- 18 Q From whom were those Turtles purchased  
19 while you were employed at Cumberland  
20 Valley Electric?
- 21 A Hunt Technologies.
- 22 Q Pardon me?
- 23 A Hunt Technologies.
- 24 Q And what is Hunt Technologies?
- 25 A They are the vendor that produces the Turtle

1                   automatic meter reading device.

2    Q               Where are they out of?  What's their home

3                   base?

4    A               Minnesota.

5    Q               Did you have any employment position or contract

6                   position with Hunt Technology?

7    A               Yes, at one time I did do some work for Hunt

8                   Technology.

9    Q               Tell us what that is.

10   A               Just having some contracts to try to promote to

11                   move their equipment into other areas, other states

12                   just in the southeastern area.

13   Q               And were you paid for this?

14   A               If any equipment was purchased they would

15                   definitely--they would pay a commission, a

16                   percentage, and they gave like a, I'm wanting to

17                   say a twelve month window to try to help them move

18                   their product.

19   Q               So when did you start whis relationship with Hunt

20                   Technologies?

21   A               Probably sometime in the 1999, somewhere, maybe

22                   2000, 2000.

23   Q               Were you working for Cumberland Valley Electric

24                   while you were doing this?

25   A               Yes.

1 Q So how did you go out and promote the  
2 technologies to other co-ops or other  
3 utility commissions?

4 A The only time that I ever got an opportunity to do  
5 it would be like on some vacation or just some time  
6 that I had to take off and try to go out and help  
7 other utilities get involved with it.

8 Q So your testimony today is that you would  
9 have never done that while working on,  
10 say during a work day for Cumberland  
11 Valley Electric?

12 A I'd have no opportunity to go out during a work day  
13 for these other utilities.

14 Q As part of your job did you do some meter  
15 programming for like three phase lines for  
16 commercial lines?

17 A At Cumberland Valley?

18 Q Yes, sir.

19 A On occasion I did, A lot of times they would come  
20 factory programmed, but on occasion I would do  
21 that, yes.

22 Q While you were working at Cumberland  
23 Valley or just after you left, did you  
24 learn that there had been a programming  
25 error on commercial meters?

1 A I heard rumor of that, but that was not--to my  
2 knowledge that was not in my area.

3 Q So if there had been a three hundred and twenty-  
4 nine, almost three hundred and thirty thousand  
5 dollar error on the three phase metering for  
6 commercial lines, you would not have had anything  
7 to do with that?

8 A That was not my mistake, no.

9 Q What states were you--back to the Hunt  
10 Technologies. What states were you responsible for  
11 trying to promote the Turtle business?

12 A I don't recall the states, but it was the  
13 surrounding states in the area, anywhere that they  
14 could get some help. They were wanting help  
15 getting their business going, they were new, but it  
16 was in the surrounding states of Kentucky.

17 Q Uh-huh, and from, let's say from '99 till  
18 2005, what was the most per year that you  
19 would have ever received in commissions  
20 from Hunt Technologies?

21 A I think the--well, like I say, the commission ran  
22 out. It was a time frame that ran out after a  
23 certain amount of time. It was 12 or 18 months and  
24 that was it. The most I've ever received probably  
25 somewhere around two to three hundred thousand,

- 1                    somewhere through there, approximately.
- 2    Q                So you received two to three hundred
- 3                    thousand dollars?
- 4    A                Correct.
- 5    Q                In a year?
- 6    A                At least in a year, 12 to 18 months, ever how long
- 7                    the contract was lasted. It was a 12 month or an
- 8                    18 month contract, I don't really recall. It was
- 9                    one or the other.
- 10   Q                Let me get this straight. So while you
- 11                    were working for--you were working for
- 12                    Cumberland Valley when this was going on,
- 13                    correct?
- 14   A                Correct.
- 15   Q                And in your part-time you were able to
- 16                    procure two to three hundred thousand, is
- 17                    that what you said?
- 18   A                That's approximately.
- 19   Q                In commissions for Hunt Technologies?
- 20   A                Right. I was--you know, I had other people working
- 21                    with that as well, it wasn't just me.
- 22   Q                Who did you have working for you?
- 23   A                I had Sean McCarty also going out doing some field
- 24                    work, doing...
- 25   Q                Where does Sean McCarty work?

- 1 A He works currently for Hunt Technologies now. He  
2 done such a good job as you could see, they  
3 actually hired him.
- 4 Q And your testimony today that while you were  
5 earning this two to three hundred thousand dollar  
6 commission that that did not interfere with your  
7 work at Cumberland Valley?
- 8 A No.
- 9 Q What did you make at Cumberland Valley  
10 Electric?
- 11 A Around fifty, fifty-some thousand, fifty-five,  
12 fifty-seven, something like that.
- 13 Q Is that what you made when you were--when  
14 you left or was that what you started at?
- 15 A No, I started at like thirty-one.
- 16 Q Now, as we sit here today do you do any  
17 work for Cumberland Valley Electric?
- 18 A My family still does some metering work for  
19 Cumberland Valley Electric, that is correct.
- 20 Q Now, you say your family. Under what  
21 business does your family operate that  
22 does work for Cumberland Valley Electric?
- 23 A High Tech Metering Services.
- 24 Q High Tech Metering?
- 25 A Yes.

- 1 Q When was High Tech Metering founded?
- 2 A Probably last two or three years.
- 3 Q Who is your family? Who in your family
- 4 owns High Tech Metering?
- 5 A High Tech Metering is owned by Kathy Redmond.
- 6 Q Who's Kathy Redmond?
- 7 A That's my mother.
- 8 Q When did you say High Tech Metering was founded as
- 9 a corporation?
- 10 A Metering was formed the last two or three years.
- 11 Q Did you ever do any metering or did your
- 12 family ever do any metering for any
- 13 electric cooperative, company, city,
- 14 whatever, utility, prior to two or three
- 15 years ago?
- 16 A Yes, we did some--several utilities prior to two or
- 17 three years ago.
- 18 Q When did it start?
- 19 A Probably in 2000, somewhere through there, '99,
- 20 2000, maybe 2001, somewhere in that area.
- 21 Q Now, I...
- 22 A I want to say it may have been incorporated in '99
- 23 maybe.
- 24 Q And what was the name of it in '99, was
- 25 it High Tech Metering then?

- 1 A No, it was just High Tech Services back then.
- 2 Q High Tech Services first?
- 3 A Right.
- 4 Q Who was the incorporator of that?
- 5 A I incorporated that, I started that.
- 6 Q How come you changed it?
- 7 A No apparent reason, just--just trying to set
- 8 something up. My mother was wanting to continue to
- 9 go on. I kind of had my fill of it and felt like
- 10 I'd done all I could do in the area, so. So I was
- 11 giving her the ability to go on without me.
- 12 Q During that period of time were you going
- 13 through a divorce?
- 14 A Yes.
- 15 Q Did the changing of that have anything to
- 16 do with the divorce?
- 17 A It's two different entities. It wasn't a changing
- 18 name of the company, it's two different companies.
- 19 Q I thought you said that High Tech
- 20 Services then became High Tech Metering?
- 21 A No, I did not say that.
- 22 Q Alright, what...
- 23 A High Tech Services still exists today. It's still
- 24 open company, and High Tech Metering exists today,
- 25 it's an open company.

- 1 Q Today what does High Tech Services do,  
2 what kind of...
- 3 A Today High Tech Services does nothing.
- 4 Q So it's an inactive corporation?
- 5 A It's not listed inactive, it's still--it's still  
6 active, but it's not making revenue at this time.
- 7 Q So it's an active non-functioning  
8 company, is that correct?
- 9 A That is correct. Because it may start back up  
10 again one day.
- 11 Q But what it was doing, is High Tech  
12 Metering doing what High Tech Services  
13 was doing until it became inactive?
- 14 A Not fully. Metering is just fooling with the  
15 metering itself. No sales, no commissions, nothing  
16 like that, no promotions are being done by High-  
17 Tech Metering, just strictly metering.
- 18 Q In response to a question counsel asked  
19 you about the lawsuit that Cumberland  
20 Valley filed, that was about equipment,  
21 wasn't it, electrical testing equipment?
- 22 A It was one piece of electrical testing equipment  
23 and some other equipment as well.
- 24 Q How much was all that equipment worth?
- 25 A Approximately thirty thousand dollars, somewhere in

- 1                   that ball park.
- 2    Q               Can you tell us when that equipment was
- 3                   purchased by Cumberland Valley Electric?
- 4    A               No, I cannot.
- 5    Q               Can you tell me who was responsible for
- 6                   ordering and purchasing equipment?
- 7    A               All approvals were from Ted Hampton.
- 8    Q               Who ordered the equipment?
- 9    A               That would be me.
- 10   Q              Where was the equipment taken once it was
- 11                   purchased?
- 12   A               The equipment was taken--most of the time it was on
- 13                   my truck, on my Cumberland Valley vehicle truck.
- 14                   It was a piece of field equipment.
- 15   Q               Alright, the other equipment, I mean, did
- 16                   the--the part that wasn't on your truck
- 17                   where was that kept?
- 18   A               The parts were kept on the truck. I'm not getting
- 19                   the question. The parts to my knowledge that
- 20                   you're asking about was on the truck.
- 21   Q               Everything, everything you had with--
- 22                   everything you had with--all the
- 23                   equipment you had was all contained on
- 24                   the truck?
- 25   A               To my knowledge, yes.

- 1 Q And there was thirty thousand dollars  
2 worth of...
- 3 A Yeah, one piece of it was probably the biggest  
4 chunk of that.
- 5 Q What piece is that?
- 6 A That was the field test equipment.
- 7 Q Tell me what that consists of.
- 8 A Just to go out and test some of the three phase  
9 equipment out in the field.
- 10 Q And specifically what--I mean, what does  
11 it actually look like? What is that?
- 12 A It's a box. It's physically probably two or three  
13 feet long, maybe a foot wide, maybe two foot long  
14 possibly.
- 15 Q I'm going to show you a copy of a verified  
16 complaint that was filed--I'm sorry, counsel, I  
17 don't have another copy of it.
- 18 MR. HOWARD: If you could let us see that  
19 though.
- 20 Q We'll make a copy. Mr. Carroll, I want  
21 you to look at that. Specifically I'm  
22 referring you to page two. You testified  
23 about--I mean there's a list of equipment  
24 listed in that complaint. To the best of  
25 your knowledge is that accurate?

1 A To the best of my knowledge.

2 Q There's a value of thirty-three thousand

3 dollars listed for all that equipment.

4 Is that...

5 A I think that would be...

6 Q Is that accurate?

7 A ...close.

8 Q Do you mind going over--I mean, there's

9 about eight or ten pieces there, and just

10 tell us what each of those different

11 pieces of equipment are.

12 A Okay, model RM10 watt-hour, that was a piece of

13 equipment that went inside this model 441 field

14 tester. It's located inside that box. The field

15 tester is like the description says, it's a piece

16 of equipment to go out and test field equipment,

17 three phase meters and so on. The AVO test jack,

18 that is something that you'd have to put on the

19 base to put the meter back on to power it up.

20 Fluke, that was just a volt meter to measure the

21 voltage while you're in the field. Power quality

22 analyzer, that was to check the harmonic load.

23 It's similar to a volt meter, but it checks

24 harmonic. The land tester, the land tester I don't

25 recall what that is. It's another piece of

1 equipment associated with that. I don't really  
2 recall ever using that. Portable test system, the  
3 portable was the thing that you could test when a  
4 consumer would have a complaint, it was a single  
5 phase unit you could throw on there right quick,  
6 put your single phase meter back on the equipment  
7 and test it under the consumer's load. We used  
8 that quite a bit out there on high bill complaints.

9 REPORTER: On what complaints?

10 A High bill complaints, when a consumer had a high  
11 bill we could take that piece of equipment and go  
12 out and test it right there at their presence. The  
13 portable standard, that was again a piece of  
14 equipment used for the 441 field tester. And as  
15 well the shop stand adapter, that was a piece of  
16 equipment that actually you could put the meter on  
17 that held the meter in place, in position. The  
18 Inspiron laptop computer, computer to test with,  
19 and the IPAQ was a hand-held device that you could  
20 plug into your PC at the office. It's like to keep  
21 up dates and appointments.

22 Q Okay, thank you. I would--we'll make a  
23 copy of it, but I would move to have  
24 that, this is Exhibit CVE 1.

25 \*\*\*\*CVE Exhibit 1 so marked and attached.

1 Q You testified in response to counsel's question  
2 that basically the lawsuit was just about  
3 returning--you'd told Cumberland Valley that all  
4 they had to do was come pick the equipment up  
5 and...

6 A Yes.

7 Q And that's what it was about?

8 A Yes.

9 Q Who did you deal with at Cumberland  
10 Valley Electric?

11 A I talked with Robert Prevatte about picking up the  
12 equipment. And Robert was actually going to meet me  
13 one day, he was going to actually come down and  
14 pick it up, but I just had it delivered, save him  
15 the trouble.

16 Q When that complaint was--do you know when  
17 the complaint was dismissed, when that  
18 case was settled, do you know?

19 A No. I remember receiving documents that it was  
20 dismissed, but I'm not...

21 Q Would it have been around November of  
22 2004?

23 Q I would think so. That would sound about  
24 right.

25 Q I'll show you a copy of that. So is it

1 fair to say though it took from July the  
2 27th until November, the end of November,  
3 to get the equipment back, is that  
4 correct?  
5 A I would think that would be very close.  
6 Q Were you using that equipment at this time?  
7 A No.  
8 Q When did you cease using the equipment?  
9 A I had ceased using the equipment as far as doing  
10 field tests and things like that probably a year or  
11 so before, beforehand. I hadn't done any field--  
12 other than maybe a consumer complaint, a complaint  
13 coming in.  
14 Q And all this equipment was field testing  
15 equipment you say?  
16 A Yes.  
17 MR. HAUSER: We'd move the order as  
18 Exhibit 2 to Cumberland Valley Electric  
19 to show that date.  
20 MR. HOWARD: No objection.  
21 **\*\*\*\*CVE Exhibit 2 so marked and attached.**  
22 Q Now, while you were employed as an engineer at  
23 Cumberland Valley Electric, did you do any  
24 consulting, metering, either for Cumberland  
25 Electric or for High Tech, consulting with any

1 other co-ops in Kentucky?

2 A The metering--or the shop did do work for other  
3 cooperatives, yes.

4 Q And was that under High Tech Metering or  
5 was that under High Tech Services at the  
6 time?

7 A At the time, the first going on, it was High Tech  
8 Services.

9 Q And you were the owner of High Tech Services, is  
10 that correct?

11 A That is correct.

12 Q Tell me who you worked for and what you did during  
13 that period of time.

14 A During the early goings we done some work for  
15 Southside in Virginia. We done some work for Clark  
16 Energy in Kentucky, Buckeye in Ohio, Tipmont in  
17 Indiana.

18 Q And what kind of work did you do for  
19 them?

20 A Basically just they would send their meters in,  
21 they'd fit the meters, put the modules on the  
22 devices, test the meter, make sure it was working  
23 properly and then give it back to the customer.

24 Q And what type of equipment did you use to  
25 test those meters?

1 A We used Weco.

2 REPORTER: I'm sorry?

3 A Weco, W-e-c-o.

4 Q And physically where was all that done if  
5 it got shipped in?

6 A To my--to my parents' residence, they have like a  
7 building built on their property, and it was  
8 physically shipped there.

9 Q Did your parents actually do any of the  
10 work?

11 A Yes.

12 Q When did they begin in this business?

13 A At the early stages because just to be able to do  
14 that kind of bulk work, you know, I couldn't handle  
15 doing that, so pretty much from the very earliest  
16 stage.

17 Q So correct me if I'm wrong, but you  
18 started this consulting business after  
19 you became an employee of Cumberland  
20 Valley Electric?

21 A I started the metering business after.

22 Q Right. Were you doing other consulting  
23 before?

24 A No, I'd just graduated college actually when I  
25 started working for Cumberland Valley Electric.

1 Q Was Cumberland Valley Electric your first  
2 engineering job?

3 A Yes.

4 Q So you brought no, in terms of actual experience  
5 with utility or anything like that, you brought  
6 none of that experience with you other than your  
7 schooling, is that correct?

8 A Well, I had four years at KU while I was going to  
9 school, so I actually worked for a utility, so  
10 maybe brought a little bit of experience.

11 MR. COOK: KU meaning...

12 A Kentucky Utilities. Sorry.

13 Q To your knowledge, Mr. Carroll, you said  
14 you were over the Turtle program. To the  
15 best of your knowledge were all of the--  
16 were all of those Turtles installed  
17 properly?

18 A To my knowledge they were installed properly.

19 Q We mentioned, I mentioned the one error  
20 of three hundred and thirty thousand  
21 dollars approximately, and you're aware  
22 of that, if that had anything to do...

23 A I'm unaware of that. And that had nothing to do  
24 with Turtles, that would be a three phase account,  
25 and they were not reading three phase accounts by

1 Turtle, so that had absolutely nothing to do with  
2 Turtles.

3 Q Besides that though, would there be  
4 programming of meters for the three phase  
5 account?

6 A Not in the metering business, no, did not deal with  
7 any programming of three phase meters.

8 Q Well, without--strike the metering  
9 business, I'm talking about as Cumberland  
10 Valley Electric, when you take a three  
11 phase meter out there would you not have  
12 to do some...

13 A Some...

14 Q ...something to make sure?

15 A Some was--I didn't install to my knowledge--I don't  
16 know what account you're talking about, but Jay  
17 Hampton started installing meters years before I  
18 quit working at Cumberland Valley Electric, so that  
19 wouldn't be a meter that I would have personally  
20 installed at Cumberland Valley, to my knowledge. I  
21 don't know the account you're referring to. And I  
22 would assume if they felt it was something in my  
23 behalf or my fault I wouldn't know why they'd still  
24 want to do business with my family's metering  
25 business. You know, that's what they do business

1 in, and they still do that.

2 Q And you say they're still doing business  
3 with metering?

4 A Yes, yes.

5 Q What primarily does that consist of?

6 A With the AMR and the Turtle program.

7 Q Still doing the Turtle program?

8 A They're still doing business with my family on  
9 that.

10 Q When you were doing the work for Clark  
11 Equipment and you said Buckeye and the  
12 others, were you using any of the  
13 equipment at Cumberland Valley  
14 Electric...

15 A No.

16 Q That was purchased...

17 A That was field test equipment. We didn't do any  
18 field work whatsoever.

19 Q Did you ever have any consulting with  
20 Brownstown Electric & Supply out of  
21 Brownstown, Indiana?

22 A I wouldn't know if I'd call it consulting, we did  
23 do some meters for them as well. Brownstown is  
24 currently the commissioned agent for Hunt  
25 Technologies, to my knowledge.

1 Q Well, if Brownstown had indicated certain  
2 metering that you had worked on had not  
3 been--not been installed properly, would  
4 you have--would you take issue with that?

5 A I would argue against that, yes.

6 Q On what grounds?

7 A I have--just on the grounds that I've seen  
8 thousands of meters come out of there and  
9 Brownstown would probably be the first complaint of  
10 such issue, and the customers that High Tech has  
11 even started with, they've had a 100 percent  
12 retention of all customers, so I'm assuming that if  
13 they were not doing quality work they wouldn't be  
14 able to keep a 100 percent of their customers.  
15 Even today they still hold Cumberland Valley as a  
16 customer.

17 Q While you were working for Cumberland  
18 Valley Electric, would you agree that you  
19 were there at the--there at your office  
20 most of the time or were you on the road  
21 or how would you describe where you were?

22 A I was at the office the majority of the time. You  
23 know, there'd be times where Mr. Hampton would even  
24 come down and tell us all to get out, you know, get  
25 out of there, but the majority of the times I'd be

1 at the office or at maybe an account. We had  
2 certain accounts assigned to us, go out and check  
3 like electrical problems or issues like that.

4 Q Were there ever times that people were  
5 trying to get up with you and couldn't  
6 find you?

7 A I always kept a cell phone. Everybody that needed  
8 me knew to call me.

9 Q So your testimony would be if anybody  
10 needed you there would be no problem in  
11 getting up with you?

12 A I would think not.

13 Q You indicated that you were let go in  
14 July the 27th and you thought you had a  
15 reason but you didn't say what it was?

16 A Yes.

17 Q Do you want to tell us what you think the  
18 reason was?

19 A Maybe at a future time, not right now.

20 Q Maybe at a future time?

21 A I have no more comment on that.

22 MR. HAUSER: I think that's all I have  
23 for the moment. I may want to take a  
24 short break and consult for some other  
25 questions.

1 MR. HOWARD: Sure, I think what we can do  
2 is Ms. Mitchell and then--we've been  
3 going on for an hour and a half. I think  
4 you ought to have an opportunity to ask.  
5 MS. MITCHELL: Do you want to take a  
6 break before you said you were completely  
7 finished, is that what you said?  
8 MR. HAUSER: Well, you can go if you'll--  
9 if I can be allowed to ask a few more  
10 questions.  
11 MR. COOK: Yeah, I think maybe it would  
12 be best if you went ahead.

13 CROSS EXAMINATION BY MS. MITCHELL:

14 Q Mr. Carroll, you referred to a--there was an  
15 opportunity--there was a time where Mr. Hampton  
16 asked you to add some--add to a work plan. And  
17 when you say add to, are you saying to add expense  
18 to it?

19 A Yes.

20 Q Or add work to it or both?

21 A It would pertain to both.

22 Q And you said you refused. Did that work  
23 plan, did those items actually get added  
24 to the work plan and were they filed with  
25 PSC and approved?

- 1 A Those items that we were discussing was not added  
2 to the work plan.
- 3 Q You say Mr. Corey's father served on the  
4 CVE board?
- 5 A Yes.
- 6 Q Is he presently serving or can you tell  
7 me the time frame which he served?
- 8 A He's deceased.
- 9 Q Deceased? Do you know what time he  
10 served?
- 11 A To my knowledge it was many years. I mean, CVE  
12 could give you the dates of his service.
- 13 Q Was he on the board when they bought that  
14 bulldozer from Ronnie Corey?
- 15 A That would be ninety--2001. I don't recall the  
16 year he was deceased, so I don't--I can't recall.  
17 I don't know what year he deceased.
- 18 Q When you were talking about the incident  
19 in which you were in the office when Mr.  
20 Hampton negotiated a deal for some  
21 equipment for three thousand dollars and  
22 then discussed with his son to resell it,  
23 to purchase it and resell it, what year  
24 was that?
- 25 A I would say that's been somewhere in the past three

1 or four years. Maybe anywhere from--I mean that  
2 could have been even--I can't really recall the  
3 date, that...

4 Q So that expense would not be...

5 A It may be in the four to five year.

6 Q Okay, I'm sorry. That expense would not  
7 be included in the test year that's  
8 presently before the Commission, is that  
9 right?

10 A Could you repeat the question?

11 Q That is not a test expense then is what I'm saying  
12 for...

13 A That was not an expense on the work plan, is that  
14 what you're saying?

15 Q No.

16 A I'm sorry.

17 MR. COOK: You may have to explain what a  
18 test year.

19 Q When a utility comes in for a rate case we look at  
20 the expenses for that year, for a year.

21 A Oh.

22 Q And it was not included in the test year  
23 I assume since it's back in, what did you  
24 say, 2001, is that correct?

25 A Somewhere back in the area, so I'm assuming that

1 would not be included.

2 Q You stated that you felt that some lines  
3 were replaced prematurely. When you say  
4 lines, was it one line, was it several  
5 lines, can you be more specific?

6 A Well, just in the constructing of day to day  
7 business, you know, there'd be sometimes you'd move  
8 a line from here to over here because it was just  
9 more readily accessible but still that's an expense  
10 to the cooperative, you know, to maybe--to make  
11 those kind of decisions, you know, and of course,  
12 that's Ted's decisions to do that, but I would  
13 question not getting the full life out of the line,  
14 you know, in an area if it's maintained and kept  
15 adequately--you know, let that line get to the  
16 point where you expense that line and depreciate it  
17 out and then move it to a proper place.

18 Q Okay. When you say that that is an  
19 expense to the co-op, I understand, but  
20 can you tell me what type of expense  
21 we're talking about? Are we talking this  
22 happens all the time, how many lines...

23 A Well, I've witnessed myself Mr. Hampton coming to  
24 the stakers, in question would be like Donald  
25 Lynch, telling him Donald I'm out of work for the

1 contractors, find me work. So to me it was always  
2 a issue of where I was taking it like, you know, if  
3 we're out of the work for the contractors, I mean  
4 you're pushing to keep contractors busy, you know,  
5 to me that didn't make sense to do that, so you  
6 know, it's an ongoing process to keep work for the  
7 contractors.

8 Q You said you left employment in July of  
9 '04. Do you know if any of it happened  
10 within the past year of your employment?

11 A Probably some occurrences. You know, I can't really  
12 pinpoint right now of any occurrences. I'm sure,  
13 but yes, I have heard the statements of find me  
14 work, you know. I'm sure other people could  
15 testify to that.

16 Q But do you know of any instances where  
17 work was actually foundering at times?

18 A No, I don't have any particular instances during  
19 that time.

20 Q Mr. Cook asked you if the PSC was made  
21 aware of any of the wrongdoing that  
22 you're speaking of that happened at CVE,  
23 and you mentioned Dennis Hildenbrand.  
24 Were you the one--can you tell us all the  
25 people who conveyed this information to

1 Dennis Hildenbrand?

2 A Drucilla Foley conveyed information according to  
3 Dennis.

4 Q And did you yourself?

5 A I talked to Dennis about information as well. He  
6 made the comment that all I did was confer  
7 something he'd already heard.

8 Q And when did these conversations take  
9 place?

10 A Probably within the last two years.

11 Q At anytime do you know of anyone at CVE,  
12 Ms. Foley or yourself or any others that  
13 may have conveyed this information to  
14 anyone at the PSC directly, other than  
15 Dennis Hildenbrand?

16 A I would have no knowledge if someone else conveyed  
17 any additional information.

18 Q Did you?

19 A I'm sorry?

20 Q You said you had no knowledge of anyone else  
21 conveying information. Did you convey?

22 A Yes, I talked with Mr. Hildenbrand myself...

23 Q Excuse me.

24 A Okay, I'm sorry.

25 A To anyone else, did anyone write a letter...

- 1 A I'm sure--I'm sure that I probably conveyed  
2 information to the PSC, yes, to make them aware of  
3 what issues that I had been seeing or heard.
- 4 Q Who did you convey that to?
- 5 A I would not have a clue now.
- 6 Q Somebody that came out there, somebody  
7 that you called specifically or...
- 8 A I really don't recall. I mean, I'm sure that I  
9 have. You know, I wouldn't deny that at all, but I  
10 couldn't tell you the person or who it was.
- 11 Q Do you know if anyone ever specifically  
12 wrote a letter or anything to an  
13 executive director or division of  
14 engineering or anyone at the PSC?
- 15 A I'm sure that I have written information to the  
16 PSC. Like I said, I don't recall who that  
17 particular person was or who it was, it's been a  
18 little while, I'm not sure of that.
- 19 Q When you say you've written letters to  
20 the PSC, do you know what time frame  
21 we're talking about?
- 22 A Probably within the past year or so.
- 23 Q And you do not know who you would have  
24 written them to?
- 25 A Do not know the person, no.

- 1 Q Do you know what division the person would have  
2 worked in?
- 3 A No. I'm sure if you have that information you  
4 would know, I mean I couldn't add to.
- 5 Q Did you ever get a response from PSC at all to your  
6 letter?
- 7 A No.
- 8 Q Mr. Carroll, back to when we were talking  
9 about the lines being removed, or  
10 changed. Were the old lines removed when  
11 new lines were put in?
- 12 A I would think that they would. You know, I  
13 couldn't...
- 14 Q You have no knowledge?
- 15 A I couldn't confirm that. A lot of my knowledge on  
16 some of the lines that were being constructed that  
17 I was getting would come from some of the staking  
18 department. You know, they'd go out and stake it,  
19 that's how I'd get a lot of my knowledge of what  
20 was being built out there.
- 21 Q And you can't tell us approximately the  
22 number of lines that you know were done  
23 as a result of creating work for  
24 contractors?
- 25 A Not without going through the work orders

1                   themselves. I mean, if I had an opportunity to go  
2                   through those work orders I could probably point  
3                   some of those out.

4       Q            Are we talking about a lot of lines or  
5                   just a few?

6       A            I really don't want to say one way or another the  
7                   amount. I couldn't tell you the exact. I take it  
8                   as there's several because it's always constantly  
9                   looking for work, so you know, I think there would  
10                  be quite a few out there if a person dug into that,  
11                  but now, I cannot substantiate and say that I have  
12                  looked into those particular lines.

13                   MS. MITCHELL: I have no more questions.

14                   MR. HOWARD: Mr. Hauser, at this point in  
15                   time do we want to go off the record and  
16                   take a break for a few moments?

17                   MR. HAUSER: Yeah, let's do that, yeah.

18                   (Off the record at approximately 9:25  
19                   a.m.)

20                   (Back on the record at approximately 9:37  
21                   a.m.)

22       CROSS EXAMINATION BY MS. MITCHELL (Cont):

23       Q            Going back to those lines that we talked about that  
24                   were being moved and you said sometimes they would  
25                   just be--they would just be moved just to change

1                   where they're at, where they're located. Like were  
2                   they moved to a better location for access for  
3                   repairs, do you know?  
4       A            Yes, I would agree that they would be better  
5                   access.  
6       Q            Okay.  
7       A            I think some of the questions for the line  
8                   relocations and things like that would be better  
9                   left to some of the staking engineers, but I can  
10                  answer as much as I can.  
11       Q            Was it your responsibility on when those  
12                   lines would be replaced? Was it your--  
13                   were you the supervisor over when those  
14                   lines would be replaced?  
15       A            I would think that would be the superintendent's  
16                   job.  
17       Q            But it was Mr. Hampton who would say when  
18                   those lines were changed then?  
19       A            Ted made the decisions at Cumberland Valley, no  
20                   doubt. That's always a known fact.  
21       Q            And I know I keep asking you this, but  
22                   I'm trying to get a better picture of  
23                   what really took place. When you said  
24                   they were replaced prematurely, are we  
25                   talking one year in...

1 A Well...

2 Q ...of their depreciation or are they on the very

3 end of the depreciation?

4 A You know, I guess we're getting off of just moving

5 a line. You know, when you--you know, I would hear

6 some comments sometimes where they'd be building a

7 three phase line into nowhere not serving a three

8 phase load and not for balancing, but you're going

9 to build it out to the end of the line, and people

10 just asked the question why are we building this

11 line out here, I don't know. Things like--just

12 comments like that is what would get to me, you

13 know, just hearing that through the company. I'd

14 just be questioning it myself, why are we building

15 a three phase line out there with no load on the

16 circuit or, you know, was this for a balancing

17 reason would be my first question. We built it to

18 the end of the line and we built it almost to the

19 end of the line. So I guess just the comments I

20 had heard, I guess kind of got to me.

21 MS. MITCHELL: I have nothing further.

22 MR. HOWARD: Ms. Mitchell, if I may, for

23 a procedural question, and I'm not sure

24 if you can answer, I know at least under

25 Chairman Goss' redirect and recross has

1                   been limited to covering those areas that  
2                   were originally brought forth during  
3                   direct and cross. Do you anticipate the  
4                   same type of approach here, or are we  
5                   allowed to go into perhaps areas that  
6                   were not otherwise discovered during the  
7                   original cross and direct?

8                   MS. MITCHELL: Well, I don't--I can't  
9                   speak for Mr. Goss except to tell you  
10                  that is his practice. If you were to  
11                  have taken these I think at the hearing  
12                  you would have been limited to what was  
13                  discussed...

14                 MR. HOWARD: Okay, that was my  
15                  understanding according to whether or not  
16                  the few questions that I have on  
17                  redirect.

18                 REDIRECT EXAMINATION BY MR. HOWARD:

19                 Q            Mr. Carroll, Ms. Mitchell just asked you about the  
20                                three phase, the moving of the lines and that you  
21                                just heard that through the company. From whom did  
22                                you hear that?

23                 A            I heard that, comments made from Donald Lynch.

24                 Q            Anyone else?

25                 A            Not to my knowledge. Don was our main three phase

1                   guy. He'd be the only one that would be doing  
2                   staking for three phase.

3    Q                You also in your direct testimony were  
4                   talking about the materials for the  
5                   contractors. I want to make sure that we  
6                   exhausted that list. You talked about  
7                   chain saws, trucks and a few other  
8                   matters as well. How about gasoline, was  
9                   that included as well?

10   A                On...?

11   Q                For contractors, were...

12   A                Gasoline was--is provided. I mean, I'm sure that's  
13                   in the bidding process, but I mean gasoline is on  
14                   site. The contractors fill their tanks up there as  
15                   well.

16   Q                Okay, was that limited to the contractors  
17                   or was that...

18   A                No, employees would use the gas.

19   Q                Employee...

20   A                Employee vehicles.

21   Q                Okay, was that for business use only?

22   A                To my knowledge, yes.

23   Q                Okay, was it limited just to employees or  
24                   also management, or do you consider those  
25                   to be the same?

1 A That was considered as employees.

2 REPORTER: That was considered what?

3 A CVE vehicles, considered as employees. CVE

4 vehicles.

5 Q Okay. The bulldozer, we had some

6 discussion about the bulldozer and the

7 cost for the bulldozer of I think it was

8 sixty thousand dollars, and I just want

9 to make sure I understand. Was there an

10 additional piece of equipment that

11 accompanied the bulldozer?

12 A Seems like there was a trailer that accompanied the

13 bulldozer.

14 Q Do you recall the approximate cost of

15 that?

16 A No.

17 Q The bulldozer, was that operational or was that in

18 disrepair?

19 A To my knowledge it was not operational.

20 Q When you say to your knowledge, did you

21 ever see it running in your time that you

22 were at the company?

23 A No, it sat in the same position.

24 Q And that bulldozer was purchased, to the

25 best of your knowledge, when?

- 1 A 2001.
- 2 Q And you left in 2004...
- 3 A Four.
- 4 Q Correct?
- 5 A Correct.
- 6 Q We had some discussion about the civil  
7 complaint, and I understand we've got two  
8 CVE documents today, the verified  
9 complaint and then the order showing it  
10 was settled. Counsel asked you about the  
11 time between the complaint and the  
12 settlement being roughly six months, am I  
13 correct?
- 14 A About four.
- 15 Q Four?
- 16 A Four months, three or four months.
- 17 Q Several months?
- 18 A Right.
- 19 Q If I understand your--understood your  
20 testimony correctly, you did not use that  
21 equipment?
- 22 A No, did not use that equipment.
- 23 Q As a consequence of that settlement were you simply  
24 required to return the equipment, or did you have  
25 to pay some sort of monetary damages?

1 A They wanted me to either buy the equipment or  
2 return it, so I just returned it. I had no use for  
3 the equipment.

4 Q The Hunt work, the consulting enterprise  
5 that you had on the side, if I understood  
6 your testimony correctly you did that on  
7 your own time?

8 A Yes.

9 Q Was the company aware of your consulting  
10 work with Hunt?

11 A Yes, Ted was aware. Ted actually signed the letter  
12 permitting me to do the consulting work for Hunt,  
13 and I sent a copy of that letter to Hunt.

14 MR. HOWARD: I have no further questions  
15 at this time

16 RE CROSS EXAMINATION BY MR. HAUSER:

17 Q The documents that were introduced here today, Mr.  
18 Carroll, where did you obtain the copy of the  
19 check, Exhibit 3?

20 A There was a folder that I keep at the cooperative,  
21 you know, just anything that I thought was not  
22 exactly up to par I'd put things in the folder, and  
23 Robert Tolliver as well put things in that folder.  
24 I did not put that check in that folder, so I'm  
25 assuming that that was something that Robert put in

1                   there.

2    Q               And the other items you indicated you got

3                   from the--off of the--through the

4                   computer system at Cumberland Valley?

5    A               Right, but those items came from the computer

6                   system, I'm not saying I personally retrieved them

7                   off the computer system.

8    Q               Well, who personally retrieved them then?

9    A               I don't recall if it was me or Robert.

10   Q               But it's one of the two of you?

11   A               One of the two of us that retrieved that

12                   information.

13   Q               And your testimony today is that you had

14                   advised Mr. Hampton and Cumberland Valley

15                   Electric that you were consulting with--

16                   what's the name of the company? Hunt,

17                   I'm sorry, excuse me, Hunt, and that they

18                   knew you were working for them, is that

19                   correct?

20   A               When I done any kind of consulting with them Ted

21                   signed a letter for me. I gave that to Hunt,

22                   because Hunt wanted to make sure that it was not

23                   going to be any kind of conflict in my job or

24                   anything else and their attorneys asked me to get

25                   that, and Ted signed a letter stating...

- 1 Q Do you have a copy of that?
- 2 A I don't have that with me, no, but I can get that  
3 copy.
- 4 Q Is it true that when you were putting the  
5 Turtle--that when the Turtles were being  
6 installed for Cumberland Valley Electric  
7 did you receive a commission for that?
- 8 A No, I actually refused commission for that one.  
9 And that was stated in their documentation. Matter  
10 of fact, that was stated in the letter, I refused  
11 that.
- 12 Q But for the others you received a  
13 commission?
- 14 A For someone else that I was not associated with,  
15 yes.
- 16 Q In the years that you made between two  
17 and three hundred thousand dollars, your  
18 testimony today is that all that work was  
19 done on your time and had--none of it was  
20 done on Cumberland Valley's time, is that  
21 correct?
- 22 A The majority of that work was done on my family's  
23 time. They was the one performing the work  
24 themselves.
- 25 Q But you said you received commission for?

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A Yes, the company received commission, yes.

MR. HAUSER: That's all I have.

MS. MITCHELL: I have no more questions.

MR. HOWARD: At this time then Mr.

Carroll is finished. Thank you, Mr.

Carroll.

(Deposition adjourned at approximately

9:45 a.m.)

STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 25th day of January, 2006.

*Virginia Bunch*  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

5 ACTION:2

Invoice Validation Inquiry

IV

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RONNIE

03-Inv Nbr:

05-Chk Nbr:

04-Inv Dt:

06-Chk Dt:

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03 021403	02/14/2003	02/14/2003	-40,000.00	1	N	-	
22089	02/18/2003	45,000.00	1998 GMC TRUCK & BUCKET				
04 07260116	07/26/2001	07/26/2001	-60,000.00	1	N	-	
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**EXHIBIT**

*Attorney  
General #1*

5 ACTION:2

Invoice Validation Inquiry

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02-Vend Name: S E C C

03-Inv Nbr:

05-Chk Nbr:

04-Inv Dt:

06-Chk Dt:

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**EXHIBIT**

*Attorney  
General # 2*

5 ACTION:2\_\_\_\_\_

Invoice Validation Inquiry

IV

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02-Vend Name: S E C C

03-Inv Nbr: \_\_\_\_\_

05-Chk Nbr: \_\_\_\_\_

04-Inv Dt: \_\_\_\_\_

06-Chk Dt: \_\_\_\_\_

6 ACTION: \_\_\_\_\_

Paid Invoices

[PAID]

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	10088	06/16/1999	977.00	WORK GREASY CREEK			
02	02189901	02/19/1999	02/19/1999	-640.00	1	N	-
	9271	02/19/1999	640.00	LABOR & REPAIRS			
03	01129905	01/12/1999	01/12/1999	-2,870.00	1	N	-
	8668	01/12/1999	2,870.00	REPAIRS			
04	1204	12/15/1998	12/15/1998	-2,510.45	1	N	-
	8470	12/15/1998	2,510.45	PER INVOICE			
05	1130983	11/30/1998	12/01/1998	-2,550.00	1	N	-
	8329	12/01/1998	2,550.00	PER INVOICE			

06-Vendor Info:

Page 1 of 2, <NxtScrn>=Forward, <PrvScrn>=Backward

ID=Choice, <HELP>=Help, <PF4>=Exit

**EXHIBIT**

*Attorney  
General #3*

THIS CHECK IS VOID WITHOUT A COLORED BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



**Cumberland Valley Electric, Inc.**

PO Box 440  
Gray, KY 40734-0440  
Phone: (606) 528-2677  
Fax: (606) 528-8458

Union National Bank and Trust Co.  
Barbourville, KY

Check Number

00008470

73 - 228 / 421

Check Date

12/15/98

Net Amount

\$ \*\*\*\*2,510.45

Accounts Payable Account

Void after 60 days

PAY \*\*\*Two Thousand Five Hundred Ten and 45/100 Dollars\*\*\*

TO THE ORDER OF SECC  
BARBOURVILLE KY 40906

*Wayne Bryant*  
*Robert Prevost*

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS

⑈0000008470⑈ ⑆042102283⑆ 0708402⑈01

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535

FOR DEPOSIT ONLY  
CUMBERLAND VALLEY RECC

**Organization Number** 0270054  
**Name** SOUTHEAST PETROLEUM, INCORPORATED  
**Profit or Non-Profit** P - Profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** B - Bad  
**State** KY  
**File Date** 3/7/1990  
**Organization Date** 3/7/1990  
**Last Annual Report** 8/1/1994  
**Principal Office** 540 SMITH BREWER RD.  
LONDON, KY 40741  
**Registered Agent** JOHN REX HAMPTON  
540 SMITH-BREWER ROAD  
LONDON, KY 40741  
**Common No Par  
Shares** 1000

**Incorporators and Initial Directors**

**Director** TRACY HACKER  
**Incorporator** TRACY HACKER

**This organization has no assumed names**

**Previous Names**

**EXHIBIT**

*Attorney  
General #4*

**Organization Number** 0333928  
**Name** SOUTHEAST PETROLEUM, INCORPORATED  
**Profit or Non-Profit** P - Profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** G - Good  
**State** KY  
**File Date** 3/7/1990  
**Organization Date** 3/7/1990  
**Last Annual Report** N/A  
**Registered Agent** MERGER

**This organization has no assumed names**

**Previous Names**

HACKER OIL & SUPPLY, INCORPORATED

**Organization Number** 0331928  
**Name** HACKER OIL & SUPPLY, INCORPORATED  
**Profit or Non-Profit** P - Profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** G - Good  
**State** KY  
**File Date** 3/7/1990  
**Organization Date** 3/7/1990  
**Last Annual Report** N/A  
**Registered Agent** NAME CHANGE

**This organization has no assumed names**

**Organization Number** 0188710  
**Name** KNOX AUTO PARTS, INC.  
**Profit or Non-Profit** P - Profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** G - Good  
**State** KY  
**File Date** 2/2/1978  
**Organization Date** 2/2/1978  
**Last Annual Report** 10/4/1995  
**Principal Office** 202 COURT SQ.  
BARBOURVILLE, KY 40906  
**Registered Agent** JOHN REX HAMPTON  
P. O. BOX 349  
COURT SQUARE  
BARBOURVILLE, KY 40906  
**Common No Par Shares** 1000

**Incorporators and Initial Directors**

**Director** JOHN REX HAMPTON  
**Incorporator** JOHN REX HAMPTON

**This organization has no assumed names**

**Previous Names**

J. R. H. TRUCKING COMPANY, INC.

**EXHIBIT**

#Horney  
General #5

**Organization Number** 0086630  
**Name** J. R. H. TRUCKING COMPANY, INC.  
**Profit or Non-Profit** P - Profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** G - Good  
**State** KY  
**File Date** 2/2/1978  
**Organization Date** 2/2/1978  
**Last Annual Report** 7/1/1983  
**Principal Office** P. O. BOX 349  
COURT SQUARE  
BARBOURVILLE, KY 40906  
**Registered Agent** JOHN REX HAMPTON  
P. O. BOX 349  
COURT SQUARE  
BARBOURVILLE, KY 40906  
**Authorized Shares** 1000

**Incorporators and Initial Directors**

**Director** JOHN REX HAMPTON  
**Incorporator** JOHN REX HAMPTON

**This organization has no assumed names**

**Organization Number** 0029319  
**Name** KNOX COUNTY GENERAL HOSPITAL  
**Profit or Non-Profit** N - Non-profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** B - Bad  
**State** KY  
**File Date** 6/22/1959  
**Organization Date** 6/22/1959  
**Last Annual Report** 12/28/2001  
**Principal Office** ONE HOSPITAL DRIVE  
 BARBOURVILLE, KY 40906  
**Registered Agent** JOHN PAUL RIGSBY  
 ONE HOSPITAL DRIVE  
 BARBOURVILLE, KY 40906

**Current Officers**

**President** ELBERT R HAMPTON  
**Vice President** GEORGE HAMMONS  
**Secretary** DALE MOORE  
**Treasurer** REVE SOWDERS  
**Director** CHARLES BUCHANAN  
**Director** H L BUSHEY  
**Director** GERALD HALTER

**Incorporators and Initial Directors**

**Director** ROBERT VIALL  
**Incorporator** GODFREY PARROTT  
**Director** DR. HERMAN MIRACLE  
**Incorporator** HESPER CARTER  
**Director** ROBERT MAJORS  
**Incorporator** JOCK BOTKINS  
**Director** QUINTON WEST  
**Incorporator** HENRY BROUGHTON  
**Director** DAN CHESTNUT  
**Incorporator** SAM JONES  
**Director** ROBERT VIALL  
**Incorporator** GODFREY PARROTT

**EXHIBIT**

*Attorney  
 General #6*

<b>Director</b>	<u>DR. HERMAN MIRACLE</u>
<b>Incorporator</b>	<u>HESPER CARTER</u>
<b>Director</b>	<u>ROBERT MAJORS</u>
<b>Incorporator</b>	<u>JOCK BOTKINS</u>
<b>Director</b>	<u>QUINTON WEST</u>
<b>Incorporator</b>	<u>HENRY BROUGHTON</u>
<b>Director</b>	<u>DAN CHESTNUT</u>
<b>Incorporator</b>	<u>SAM JONES</u>

**This organization has no assumed names**

**Previous Names**

KNOX COUNTY HOSPITAL, INCORPORATED

**Organization Number** 0082292  
**Name** KNOX COUNTY MUNICIPAL PROPERTIES CORPORATION  
**Profit or Non-Profit** N - Non-profit  
**Company Type** KCO - Kentucky Corporation  
**Status** I - Inactive  
**Standing** B - Bad  
**State** KY  
**File Date** 8/8/1977  
**Organization Date** 8/8/1977  
**Last Annual Report** 4/20/2001  
**Principal Office** % MR. CRAIG MORGAN  
KNOX COUNTY HOSPITAL  
P. O. BOX 160  
BARBOURVILLE, KY 40906  
**Registered Agent** GERALD WEST  
KNOX CO. JUDGE EXEC.  
COURT HOUSE  
BARBOURVILLE, KY 40906

**Current Officers**  
**President** Elbert R Hampton  
**Vice President** Geroge Hammons  
**Secretary** Margaret Dale Moore  
**Treasurer** Beve Sowders  
**Director** Charles Buchanan  
**Director** James Sproul  
**Director** Roy Ferguson  
**Director** H L Bushey

**Incorporators and Initial Directors**

**Director** JOE BOONE SMITH  
**Incorporator** TROY HAMPTON  
**Director** BOB MAC MERRITT  
**Incorporator** CHRIS MILLS  
**Director** CHRIS MILLS  
**Incorporator** FRANK TERRELL  
**Director** LARRY HAMPTON  
**Incorporator** BOB MAC MERRITT

**Director**                    JAS. T. SULLIVAN  
**Incorporator**            JOE BOONE SMITH

**This organization has no assumed names**

**Organization Number** 0008833  
**Name** CHARLESTON BOTTOMS RURAL ELECTRIC  
COOPERATIVE CORPORATION  
**Profit or Non-Profit** N - Non-profit  
**Company Type** KCO - Kentucky Corporation  
**Status** A - Active  
**Standing** G - Good  
**State** KY  
**File Date** 12/30/1971  
**Organization Date** 12/30/1971  
**Last Annual Report** 3/29/2005  
**Principal Office** 4775 LEXINGTON RD  
P O BOX 707  
WINCHESTER, KY 403920707  
**Registered Agent** ROY M. PALK  
4775 LEXINGTON ROAD  
P. O. BOX 707  
WINCHESTER, KY 403920707

**Current Officers**

**Chairman** R Wayne Stratton  
**President** Roy M Palk  
**Secretary** Sam Penn  
**Treasurer** Sam Penn  
**Director** Wade May  
**Director** E A Gilbert  
**Director** William P Shearer  
**Director** Elbert Hampton

**Incorporators and Initial Directors**

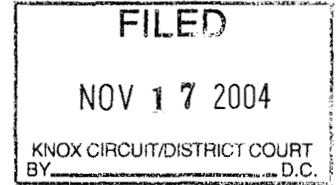
**Director** ALBERT DICKEN  
**Director** JAMES S. PATTERSON  
**Director** PHILLIP DEPP  
**Director** ELVIN LANGFORD  
**Director** BILL WELLS  
**Incorporator** ALBERT DICKEN  
**Incorporator** JAMES S. PATTERSON  
**Incorporator** PHILLIP DEPP

**Incorporator**                    ELVIN LANGFORD

**Incorporator**                    BILL WELLS

**This organization has no assumed names**

COMMONWEALTH OF KENTUCKY  
27<sup>TH</sup> JUDICIAL DISTRICT  
KNOX CIRCUIT COURT  
CIVIL ACTION NO. 04-CI- 557



D.v. TT

CUMBERLAND VALLEY ELECTRIC, INC.

PLAINTIFF

VS:

JOE CARROLL, individually and  
d/b/a HI-TECH METERING SERVICES, INC.

DEFENDANTS.

---

**VERIFIED COMPLAINT**

---

Comes now the Plaintiff, CUMBERLAND VALLEY ELECTRIC, INC., by and through counsel, and for its Complaint herein states as follows:

1. That the Plaintiff, Cumberland Valley Electric, Inc., (hereinafter Cumberland Valley )is a Kentucky Cooperative Corporation, with a principal place of business at Gray, Knox County, Kentucky.
2. That the Defendant, Joe Carroll, is an individual and resides in Bell County, Kentucky and has a mailing address of P.O. Box 176, Pineville, Kentucky 40977.
3. That the Defendant, Hi-Tech Metering Services, Inc., is a Kentucky corporation, whose principal office address is P.O. Box 203, Pineville, Kentucky 40977 and whose agent for service of

**EXHIBIT**

CVE  
1

process is R. Kathy Redmond, Route 7 Box 618B, Pineville, Kentucky 40977.

4. That the Plaintiff, Cumberland Valley, is the owner of and entitled to the immediate possession of the following described goods which are valued at \$33,416.13:

- Model RM 10 Watthour
- Model 441 Field Tester
- AVO 99805A E-Z Meter Test Jack
- Fluke 438
- Power Quality Analyzer (Voltage Mon Transformer training board)
- Land 9707809TJS400T Tester
- Portable Test system e/w various
- Dytronic portable standard e/w various
- Model #3200 Shop Stand Adapter
- Inspiron 5000e laptop computer
- IPAQ H5450 48/64 MB US

5. The Defendants, Joe Carroll and/or Hi-Tech Metering Services, Inc. are in possession of the above described goods and they have wrongfully and unlawfully converted the same to their own use, to the damage of the Plaintiff in the sum of \$33,416.13.

6. The Plaintiff, Cumberland Valley, has demanded that the Defendants return the above property to it or pay Cumberland Valley the sum of \$33,416.33 (a copy of the invoice for said goods is attached hereto as Exhibit A). The Defendants have failed and refused to deliver possession of said goods to the Plaintiff nor have the Defendants paid the invoiced sum mentioned above.

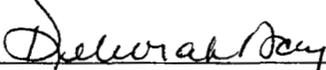
**WHEREFORE**, Plaintiff demands judgment against Defendants for a sum to be determined by the evidence, plus pre-judgment and post-judgment interest, attorney's fees, costs, and any and all other relief to which the Plaintiff may appear to be entitled.

The Plaintiff, Cumberland Valley Electric, Inc., by Ted Hampton, its Manager, states that he has read the foregoing Verified Complaint and the statements contained therein are true to the best of his belief.

  
\_\_\_\_\_  
**TED HAMPTON**

STATE OF KENTUCKY)  
 )  
COUNTY OF KNOX )

Subscribed and sworn to before me by Ted Hampton, Manager of Cumberland Valley Electric, Inc., on this the 17 day of November 2004.

  
\_\_\_\_\_  
NOTARY PUBLIC, State-at-Large  
My Commission Expires: 1-18-06

  
\_\_\_\_\_  
**W. PATRICK HAUSER**  
P.O. Box 1900  
Barbourville, KY 40906  
606-546-3811  
**ATTORNEY FOR PLAINTIFF**  
**CUMBERLAND VALLEY ELECTRIC, INC.**

COMMONWEALTH OF KENTUCKY  
27<sup>TH</sup> JUDICIAL CIRCUIT  
KNOX DISTRICT COURT  
DIVISION II  
CIVIL ACTION NO. 04-CI-557

ENTERED  
DEC 01 2004  
KNOX CIRCUIT/DISTRICT COURT  
BY Dm D.C.

CUMBERLAND VALLEY ELECTRIC, INC.

PLAINTIFF,

VS:

ORDER

JOE CARROLL, individually and  
d/b/a HI-TECH METERING SERVICES, INC.,

DEFENDANT.

\*\*\* \*\*

The Plaintiff having moved the Court and the Court otherwise being fully and sufficiently advised;

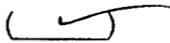
**IT IS HEREBY ORDERED THAT** the above matter be dismissed as settled and that the Clerk of the Court shall remove this case from its docket.

ENTERED this 30 day of November, 2004.

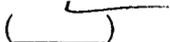
  
\_\_\_\_\_  
JUDGE, KNOX CIRCUIT COURT

DISTRIBUTION:

Hon. W. Patrick Hauser  
Attorney at Law  
P. O. Box 1900  
Barbourville, KY 40906



Mr. Joe Carroll  
P. O. Box 176  
Pineville, KY 40977



Dm  
\_\_\_\_\_  
CLERK

12-1-04  
\_\_\_\_\_  
DATE

**EXHIBIT**

CVE  
2

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF JOE CARROLL

The deposition of JOE CARROLL was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knx County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 7:35 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 JOE CARROLL, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you please state your name and address?
5 A Joe Carroll, 140 Woodland Trail, Pineville,
6 Kentucky 40977.
7 Q Okay, could you spell your last name?
8 A C-a-r-r-o-l-l.
9 Q Thank you.
10 MR. HAUSER: Excuse me, Larry, I don't
11 want to belabor this, but since
12 everybody's here do you think we ought to
13 introduce who's here and who we are?
14 MR. HOWARD: We ought to get entrance of
15 counsel I think might behoove us.
16 MR. HAUSER: And then who else is
17 present?
18 MR. HOWARD: Yes, yes, I think so.
19 MR. COOK: My name's Larry Cook, I'm with
20 the Attorney General, Office of Rate
21 Intervention.
22 MR. HOWARD: Dennis Howard, with the
23 Attorney General's Office, and we also
24 have here present with us today Darvin
25 Sabastian, who is with the Attorney

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

I N D E X

WITNESS: PAGE:
JOE CARROLL:
Direct examination by Mr. Cook: 3-64
Cross examination by Mr. Hauser: 64-92
Cross examination by Ms. Mitchell: 92-102
Redirect examination by Mr. Howard: 103-107
Recross examination by Mr. Hauser: 107-110
Reporter's Certificate: 110

- EXHIBITS:
Attorney General Exhibit 1 - Invoice Validation Inquiry
Attorney General Exhibit 2 - Invoice Validation Inquiry
Attorney General Exhibit 3 - Copy of Check (\$2,510.45)
Attorney General Exhibit 4 - Document concerning Southeast Petroleum.
Attorney General Exhibit 5 - Document concerning Knox Auto Parts, Inc.
Attorney General Exhibit 6 - Document concerning Knox County General Hospital
CVE Exhibit 1 - Verified Complaint
CVE Exhibit 2 - Order

1 General's Office as well.
2 MS. MITCHELL: Anita Mitchell, Public
3 Service Commission.
4 MS. EDWARDS: Andrea Edwards, Public
5 Service Commission.
6 MR. RUSSELL: Elie Russell, Public
7 Service Commission.
8 MR. HAUSER: Elie Russell? My name is
9 Pat Hauser, I'm counsel for Cumberland
10 Valley Electric, and with us we have Mr.
11 Jim Adkins and Mr. Ted Hampton.
12 Q Okay, Mr. Carroll, we've had introductions now and
13 you know that both I and Mr. Howard are with the
14 Attorney General's Office, Office of Rate
15 Intervention, and we are here because Cumberland
16 Valley has requested a rate increase from the
17 Kentucky Public Service Commission, and in the
18 course of this deposition we're going to refer to
19 Cumberland Valley as CVE, okay? We're conducting
20 this deposition to ask questions pertaining to
21 CVE's business practices, and if you don't
22 understand a question I ask just speak up, let me
23 know, and I'll try to repeat it and rephrase it so
24 that you do understand it. Otherwise, we'll assume
25 that you did understand the question, okay? Now,

Page 5

1 you've also met the other counsel present in the  
 2 room, and after I finish my questions they may have  
 3 questions for you as well, okay? And do you  
 4 realize that you're under oath?  
 5 A Yes.  
 6 Q Are you taking any medications or any  
 7 other substance that might prevent you  
 8 from providing honest and accurate  
 9 answers today or that might interfere  
 10 with your recollection?  
 11 A No.  
 12 Q Okay. Is your presence here today in  
 13 response to a subpoena that was served  
 14 upon you to compel you to provide  
 15 testimony?  
 16 A Yes.  
 17 Q Tell us about your educational  
 18 background.  
 19 A I have a bachelor or science in electrical  
 20 engineering and professional engineering license.  
 21 Q Okay, do you have any other professional  
 22 licenses?  
 23 A No.  
 24 Q Okay. How many years of experience do you have in  
 25 the electrical utility industry?

Page 6

1 A About twelve.  
 2 Q Twelve years? Are you currently  
 3 employed?  
 4 A Yes.  
 5 Q In what capacity?  
 6 A As an electrical engineer at electrical  
 7 cooperative.  
 8 Q And what is the name of that co-op that...  
 9 A Powell Valley Electrical Cooperative.  
 10 Q Okay. What are your responsibilities there?  
 11 A Supervisor of SCADA and load management.  
 12 Q Okay, that's SCADA?  
 13 A Yes, supervisory control and data acquisition.  
 14 Q Okay, thank you. In the course of your  
 15 career as an engineer did you ever have  
 16 occasion to work for CVE?  
 17 A Yes.  
 18 Q Were you a CVE employee?  
 19 A Yes.  
 20 Q What was the approximate starting date of  
 21 your employment with CVE?  
 22 A May 4th, 1995.  
 23 Q Okay, and when did your employment with  
 24 CVE end?  
 25 A July 27th, 2004.

Page 7

1 Q Okay. Could you describe the nature of  
 2 your duties at CVE?  
 3 A I worked in engineering, worked in assisting with  
 4 work plans, long range plans, sectionalizing  
 5 metering.  
 6 Q Okay. As an engineer were you required  
 7 to sign off and approve of construction  
 8 projects?  
 9 A Yes.  
 10 Q During the course of your employment with  
 11 CVE did you have the opportunity to work  
 12 with other CVE employees?  
 13 A Yes.  
 14 Q And who would that be?  
 15 A Other CVE employees?  
 16 Q Yeah.  
 17 A Wayne Bryant, Robert Prevatte, Robert Tolliver,  
 18 Donald Lynch, Randall Campbell, Teresa Williams,  
 19 Teresa Gregory, Mike Beard, William McCuen,  
 20 Drucilla Foley.  
 21 Q Okay.  
 22 A Do you want me to keep going?  
 23 Q Well, CVE I understand, correct me if I'm wrong,  
 24 it's a fairly small co-op?  
 25 A Yes.

Page 8

1 Q Is that right?  
 2 A Yes.  
 3 Q So there's not a whole lot of people  
 4 there, right?  
 5 A No.  
 6 Q Okay, so over the course of how many years was it?  
 7 A About nine and a half.  
 8 Q Over the course of nine and a half years  
 9 you've had ample opportunity to work with  
 10 a lot of different people there?  
 11 A Yes.  
 12 Q Okay. And did you have opportunity also to work  
 13 with the manager, Mr. Ted Hampton?  
 14 A Yes.  
 15 Q Have you approached the Attorney  
 16 General's Office with issues concerning  
 17 CVE?  
 18 A Yes.  
 19 Q With whom in the AG's office did you  
 20 speak?  
 21 A Mr. Howard and with yourself.  
 22 Q Okay. Did you also have an in person  
 23 meeting with us?  
 24 A Yes.  
 25 Q Do you recall the approximate date or

1 dates of those meetings?  
 2 A I don't recall the exact date.  
 3 Q Was it this year...  
 4 A Yes.  
 5 Q ...in 2005?  
 6 A Yes.  
 7 Q Did you also have telephone conferences  
 8 with the staff of the Attorney General?  
 9 A Yes.  
 10 Q Okay. During the course of your  
 11 employment with CVE did anyone ever ask  
 12 you to do anything in your role as an  
 13 engineer for CVE that you questioned or  
 14 gave you cause for concern?  
 15 A Yes.  
 16 Q Okay, what was it that was asked of you?  
 17 A Doing a work plan I was asked by Mr. Hampton to add  
 18 more funds in for the contracting that I felt was  
 19 not needed at the time. We met with Mr. Mike  
 20 Norman, who was a RUS field representative, was  
 21 also present.  
 22 Q Maybe you'd better spell out what RUS  
 23 stands for.  
 24 A Rural utility supply.  
 25 Q Okay. Go ahead, continue.

1 needed at that time.  
 2 Q Did you refuse to do what you were asked?  
 3 A I refused to sign the work plan for the two and a  
 4 half million.  
 5 Q Okay.  
 6 A So I--because I felt like that was my credibility  
 7 on the line.  
 8 Q What was the results of your refusal to  
 9 carry out this task?  
 10 A I think it caused us some hardship between me and  
 11 Mr. Hampton.  
 12 Q Okay. During the course of your  
 13 employment at CVE did you have any  
 14 opportunity to learn of the name of an  
 15 individual named Ken Lay?  
 16 A Yes.  
 17 Q Was Ken Lay an employee of CVE during the  
 18 time you worked there?  
 19 A Not during the time I worked there, but it's my  
 20 understanding he was a previous employee of CVE.  
 21 Q Okay. Do you know whether Mr. Lay owns a  
 22 business?  
 23 A Yes, Lay Tree Trimming.  
 24 Q Okay. Does that business do any work for  
 25 CVE?

1 A You know, I felt like the extra construction was  
 2 not needed at that time. Mike Norman felt the same  
 3 and asked me to space some of the funding. It was  
 4 approximately about two and a half million dollars  
 5 extra on the work plan, and asked me to space that  
 6 out maybe over three work plans. You know, let's  
 7 don't argue with Ted, Mike was saying, let's just  
 8 spread it out over about twelve years, which would  
 9 be equivalent to twelve years. Of course, Ted  
 10 wanted it within that first four year period. And  
 11 Mike told me--I asked Mike did he agree with me or  
 12 not. He said he agreed that it didn't need to be  
 13 done during that period. He, Mike Norman, asked me  
 14 not to draw lines in the sand.  
 15 Q Okay. So why did this cause you concern,  
 16 this?  
 17 A Because of the spending of the money that was not  
 18 needed in that early of a time frame and how they  
 19 pay contractors by the hour and by the unit, you  
 20 know, always kind of gave me heartburn. Instead of  
 21 paying for the job you get you pay them by the  
 22 hour. You know, if it's raining or whatever,  
 23 they're sitting around, you're not getting your  
 24 money's, you know, worth out of the contract, and I  
 25 just didn't feel like the lines were adequately

1 A Yes, cuts right-of-way for CVE.  
 2 Q Okay. Is Mr. Lay any relation to Ted Hampton?  
 3 A It's my understanding it's his cousin.  
 4 Q Is Mr. Lay related in any other way to  
 5 any other CVE employee?  
 6 A Not to my knowledge.  
 7 Q Is he related in any other way to any other CVE  
 8 officer?  
 9 A I do not have information on that.  
 10 Q Okay. Do you know what type of work Mr.  
 11 Lay performs for CVE? I think you  
 12 already...  
 13 A Cutting of right-of-way.  
 14 Q Cutting right-of-way? And do you have any  
 15 knowledge regarding the billing arrangements  
 16 between Mr. Lay and CVE?  
 17 A To my knowledge the billing arrangements is they  
 18 bill Cumberland Valley for right-of-way, and of  
 19 course they're paid by the hour as well, and the  
 20 bills go directly to Mr. Hampton and he approves  
 21 and--approves that for payment.  
 22 Q Okay. Do you know the basis for how Mr.  
 23 Lay is paid for the services he and his  
 24 company render to CVE? For instance, is  
 25 it by the job, monthly, weekly, hourly?

1 A Hourly.

2 Q Hourly? Based on your experience in the

3 utility industry, is it unusual that a

4 utility contractor is paid on an hourly

5 basis?

6 A I think so, yes.

7 Q Why is it unusual?

8 A Well, in cutting of right-of-way, you know, many

9 things can deter that, you know, weather related.

10 Most cooperatives that I've been associated or been

11 around have always contracted out a job, you know,

12 per feet or per mile of line, and you know, pay a

13 set fee. You know, it's easier to budget and you

14 know what you need to cut, but when you're paying

15 by the hour and you keep paying the approximate

16 same amounts every year with just a slight

17 increase, you know, that's an odd--odd situation.

18 You know, and Mr. Norman has suggested many times

19 on a spraying right-of-way, the part, the growth,

20 you know, the trees and things like that.

21 Q Right.

22 A So you know, I don't think that's ever been

23 followed up on or even taken advantage of, you

24 know, to help cut back on those expenses.

25 Q Okay. Do Mr. Lay and his company provide

1 there to not just hire that person. You own all

2 the equipment, you know, provide jobs for the

3 people you serve instead of just basically paying

4 through one man.

5 Q Okay. Was an hourly rate charged for

6 labor also?

7 A Yes.

8 Q I mean--okay, we went over that. What

9 was it--was an hourly rate charged for

10 equipment too?

11 A To my knowledge, you know, if any contractors uses

12 their equipment, you know, of course they're

13 compensated for that, but you know, I don't know

14 the exact details.

15 Q Okay.

16 A I just know all contracting there to my knowledge

17 is paid by the hour, construction and right-of-way.

18 Q Who at CVE was responsible for handling

19 business operations with right-of-way

20 contractors?

21 A Ted Hampton.

22 Q Okay, did Ted Hampton also manage business

23 relations with some of CVE's other contractors?

24 A You know, I don't know the answer. I'm sure if

25 needed he would do that.

1 the equipment they use to perform those

2 services for CVE?

3 A To my knowledge it's CVE's equipment.

4 Q What type of equipment?

5 A Chipper trucks, pickup trucks and radios, gas is

6 provided, chain saws.

7 Q How do you know this?

8 A Just from working in the utility for the past nine

9 and a half years and just talking with other

10 individuals at the cooperative.

11 Q Okay.

12 A Now, that has been brought up on occasion as I was

13 an employee there.

14 Q Does it strike you as unusual in any way that CVE

15 provides all the equipment for Mr. Lay to use?

16 A Yes. You know, if you're going to provide all the

17 equipment and basically you're just using the

18 contractors to provide the labor, I mean, you know,

19 it just doesn't make sense, especially for what the

20 labor is paid. Most of the labor for them they're

21 paid minimum wage, maybe a little better than

22 minimum wage, you know, and then of course you're

23 paying out high dollar, twenty to twenty-five

24 dollars per hour per man and then they get paid

25 minimum wage, you know, I can't see the advantage

1 Q Did Ted Hampton's hold--excuse me, did

2 Ted Hampton hold staff meetings with his

3 staff from time to time?

4 A Yes.

5 Q During any of these meetings did Ted

6 Hampton explain why he wanted to closely

7 supervise all the dealings with right-of-

8 way contractors?

9 A Ted has made the mention in staff before that he

10 takes care of right-of-way, and he has made the

11 statement that was his Florida money.

12 Q What do you think he meant by it's his

13 Florida money?

14 A Well, I didn't try to--try to, you know, get into

15 that, but you know, he has made that statement to

16 staff before.

17 Q Were there other people present at these

18 meetings when he'd made that statement?

19 A Yes.

20 Q Who were they?

21 A Robert Tolliver, Robert Prevatte, Wayne Bryant.

22 Q Was there any particular piece of

23 equipment that was owned by CVE and used

24 by its contractors that came to your

25 attention?

1 A Nothing in particular. To my knowledge most of the  
 2 equipment belonged to CVE, so not a particular  
 3 piece of equipment.  
 4 Q Was there a bulldozer?  
 5 A Yes. That was definitely a kind of oddball  
 6 purchase when he--Cumberland Valley bought a  
 7 bulldozer from Ronnie Corey, and the bulldozer to  
 8 my knowledge was not even operational. I think  
 9 they spent approximately sixty or eighty thousand  
 10 dollars on the bulldozer and then plus bought  
 11 additional equipment at some later date for  
 12 approximately \$45,000.00.

13 REPORTER: Approximately what?  
 14 A Approximately sixty to eighty thousand for the  
 15 bulldozer, and other equipment was purchased as  
 16 well for approximately forty, and it was just a  
 17 little bit of odd to me that you're buying a piece  
 18 of equipment that, you know, I'm assuming that was  
 19 going to be used for right-of-way that was not even  
 20 operational. They had to do additional things to  
 21 the equipment to get it to run.  
 22 Q Okay. So who did use the bulldozer?  
 23 A To my knowledge it sat there. The time I was  
 24 employed there it was never used.  
 25 Q Okay. Mr. Carroll, in the course of your

1 A Yes, I do.  
 2 Q Do you have any reason to doubt its veracity or  
 3 accuracy?  
 4 A No.  
 5 Q Did you alter this document in any way, shape or  
 6 manner?  
 7 A No.  
 8 MR. COOK: At this time I'd  
 9 like to admit this document as  
 10 Attorney General No. 1.  
 11 MR. HAUSER: Note my, I don't know if it's  
 12 an objection, but the original document  
 13 obviously is the best evidence.

14 \*\*\*Attorney General Exhibit 1 so marked and attached  
 15 Q Let me go over this document a little bit more with  
 16 you. Up near the top it has the name Ronnie Corey.  
 17 Do you see where it says that?  
 18 A Yes.  
 19 Q Okay, and then it has a series of dates  
 20 going down through the middle there, it  
 21 starts with 7-24-2003 and 2-14-2003, and  
 22 it ends with 7-26-2001, and then a little  
 23 bit over to the right it has a  
 24 description looks like, they have  
 25 materials, trailer, GMC truck and bucket

1 meeting with our office you provided us  
 2 with a copy of a document, and I'd like  
 3 to show you that at this time.  
 4 A Okay.  
 5 Q And I have copies here for everybody so  
 6 I'm going to pass them around the table.  
 7 Okay, I think everybody has one now, and  
 8 can you identify this document?  
 9 A Yes.  
 10 Q Okay, what is it? Could you explain to  
 11 us what it is?  
 12 A This is the purchase of the bulldozer for  
 13 \$60,000.00.  
 14 Q Okay, up at the top it says invoice validation  
 15 inquiry, so tell me first of all, how did you  
 16 obtain this document?  
 17 A This document was kept in a folder during my  
 18 employment at Cumberland Valley Electric. This  
 19 could be obtained going through the billing system.  
 20 All documents that are purchases and stuff like  
 21 that were--can be obtained--this had actually came  
 22 off the billing system.  
 23 Q Do you believe this copy is true and it fairly and  
 24 accurate represents the original record on file  
 25 with CVE?

1 and a long track dozer, is that correct?  
 2 A That is correct.  
 3 Q Okay. So is this basically sort of an abbreviated  
 4 statement of what materials CVE paid to Ronnie  
 5 Corey over this time period, is that what this  
 6 document is?  
 7 A That would be a description of the payment.  
 8 Q Okay.  
 9 A It actually says that too right above it, invoice  
 10 description.  
 11 Q Okay, alright. And let me ask you, who  
 12 is Ronnie Corey?  
 13 A A contractor with Cumberland Valley.  
 14 Q Is he a friend of Ted Hampton's?  
 15 A Is he a what?  
 16 Q A friend of Ted Hampton's?  
 17 A Mr. Corey's father served on Ted's board.  
 18 Q Oh, okay.  
 19 A CVE's board.  
 20 Q On the board of director's of CVE?  
 21 A Yes, Harry Corey, who is deceased at this time.  
 22 Q Okay. So if I understand correctly then,  
 23 Mr. Corey owns a business, correct?  
 24 A That is correct to my knowledge.  
 25 Q And do you know what the name of that

1 business is?  
 2 A It's Five C Construction.  
 3 Q That's the number 5 and dash C, is  
 4 that...  
 5 A I think it's actually spelled out, Five C.  
 6 Q Oh, so the word five, okay.  
 7 A That's just to my knowledge, it's the number.  
 8 Q Does Five C--it appears from this  
 9 document that Five C does business with  
 10 CVE, am I correct in that?  
 11 A That is correct.  
 12 Q Okay. Who sold the bulldozer to CVE?  
 13 A My assumption would have to be Ronnie Corey, since  
 14 that's the vendor name.  
 15 Q Okay. Do you know whether Five C ever  
 16 sold any other materials to CVE that are  
 17 not depicted on this document?  
 18 A Not to my knowledge.  
 19 Q Okay. Did any other contractors working  
 20 on behalf of CVE ever have opportunity to  
 21 use the bulldozer?  
 22 A You know, that would be a--I never seen the  
 23 bulldozer used, but you know, I don't know. I'm  
 24 sure it was available.  
 25 Q Okay, okay. Do you have any knowledge

1 figures from them and then they forego--or they  
 2 surrendered I'll say ten percent of that 15 percent  
 3 contribution so that they dropped down to five  
 4 percent, but that was for future allocations.  
 5 People like Mr. Hampton that had his 30 years in  
 6 could have retired that day and basically had money  
 7 from that transaction. You know, I felt as an  
 8 employee that was wrong. I don't see how taking  
 9 money from the company and basically sticking it in  
 10 your own retirement fund, I don't see how that's  
 11 justified to give up future allocations when you're  
 12 eligible to retire. Some of the employees were  
 13 eligible immediately to quasi-retire and start  
 14 again on their retirement. Ted, when he brought  
 15 his cousin in, first cousin, Jay Hampton, done the  
 16 same thing for Jay Hampton, bought his retirement  
 17 back after he served probably 28 years out in the  
 18 field, I think cost the co-op, the figures I was  
 19 getting was around four hundred thousand dollars to  
 20 purchase that for him as well when he brought him  
 21 on as salary.  
 22 Q You mentioned the figures you were  
 23 getting. How did you come to learn this?  
 24 A Through accountants at the cooperative.  
 25 Q Okay. Can you tell me the names of those

1 regarding the identity of the accountant  
 2 for Five C Construction?  
 3 A To my knowledge Wayne Bryant was the accountant for  
 4 Five C Construction.  
 5 Q Is that the same accountant that CVE  
 6 used?  
 7 A Yes.  
 8 Q Was Wayne Bryant an employee of CVE or  
 9 was he...  
 10 A He's a--he was an employee. I think he just  
 11 recently retired. Wayne, to my knowledge, is  
 12 cousins with the Coreys.  
 13 Q Okay. Did Mr. Bryant also handle any  
 14 details regarding CVE contributions  
 15 toward Ted Hampton's retirement fund?  
 16 A The retirement fund as explained to me, CVE  
 17 employees at the time were being paid 15 percent to  
 18 their 401K, and at some point in time in the past  
 19 ten, twelve years or so CVE purchased back the  
 20 NRECA retirement.  
 21 Q And that's the National...  
 22 A Rural Electrical Cooperative Association, and  
 23 bought back their time as if it were day one, which  
 24 cost CVE to my knowledge over a million and a half  
 25 dollars. We'd probably have to get the exact

1 accountants?  
 2 A The accountant I heard this information from was  
 3 Robert Tolliver.  
 4 Q Robert Tolliver, okay. Are you familiar  
 5 with an individual named John Rex  
 6 Hampton?  
 7 A I know of him, yes.  
 8 Q Okay, is he related in any way to Ted Hampton?  
 9 A It's his brother.  
 10 Q Is J.R. Hampton married?  
 11 A Yes.  
 12 Q What is his wife's name?  
 13 A Karen Hampton, employee of Cumberland Valley.  
 14 Q Do you know how she spells her first  
 15 name?  
 16 A I think K-a-r-e-n.  
 17 Q Okay. Does J. R. Hampton now or has he  
 18 ever at anytime worked for CVE?  
 19 A Only in a contracting role to my knowledge.  
 20 Q Do you know whether J.R. Hampton has ever  
 21 worked on any CVE vehicles?  
 22 A I know J. R. Hampton worked on his vehicles of the  
 23 trucking business, Southeastern Transportation of  
 24 which Ted Hampton's the owner, on CVE property.  
 25 You know, and that was a, lot of times, every

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1 weekend ordeal to my knowledge. And also that was  
 2 with CVE resources, tools and equipment.  
 3 Q Okay, so if I understand you correctly,  
 4 J. R. Hampton was not an employee of CVE,  
 5 but he did work on trucks owned by a  
 6 company called Southeast Transportation?  
 7 A Yes, to my knowledge.  
 8 Q And we know from discovery responses that the  
 9 company has already admitted that Ted Hampton owns,  
 10 or at least at one time owned Southeast  
 11 Transportation, and if I understand correctly you  
 12 said that J. R. Hampton worked on those Southeast  
 13 Transport, and I'll call it SET, SET trucks on CVE  
 14 property using CVE materials, is that correct?  
 15 A To my knowledge, yes. I have witnessed the trucks  
 16 on the property.  
 17 Q You yourself witnessed that?  
 18 A I have witnessed that.  
 19 Q Okay. And do you know how J. R. Hampton was paid  
 20 for his work on the SET vehicles?  
 21 A I have not a clue on that.  
 22 Q Okay.  
 23 A I know his brother, Elbert Hampton, who was an  
 24 employee and now a board member at Cumberland  
 25 Valley, accidently run over John Rex in one of the

1 Q Okay.  
 2 A Her and her husband.  
 3 Q Do you know the nature of their  
 4 involvement with SECC and exactly what  
 5 the company did?  
 6 A I know that the--their involvement of doing some  
 7 work on some trucks at one time. I don't know if  
 8 it was like changing oils or doing some things like  
 9 that, they were doing off site for a brief time.  
 10 Their mechanic normally performed that, Mr. William  
 11 Hamp--or Mr. McCuen, William McCuen. William  
 12 McCuen was the mechanic at the time.  
 13 Q How do you spell that last name?  
 14 A I have no idea.  
 15 Q We'll get to that later. Go ahead.  
 16 A But I know that for a while duties--you know, he  
 17 didn't perform those duties, they were done off  
 18 site. Now, whether that was done by SECC or  
 19 another entity, I know that was done through, what  
 20 I was told at the cooperative, through the  
 21 Hamptons.  
 22 Q Okay. Do you know whether SECC stands  
 23 for anything?  
 24 A I have no idea.  
 25 Q Okay. In the course of your meeting with

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1 trucks which broke his leg and an ambulance came  
 2 out there during CVE business hours.  
 3 Q Okay. Does Karen Hampton now or has she  
 4 ever at anytime ever worked for CVE?  
 5 A Karen works for CVE, yes.  
 6 Q Okay, in what capacity?  
 7 A She assists in the accounting and billing  
 8 department.  
 9 Q Okay. In that capacity does Karen  
 10 Hampton have the ability and occasion to  
 11 execute financial documents such as  
 12 payments to vendors?  
 13 A I--I could not really answer that question if she  
 14 has that authority. At the time I was there Wayne  
 15 Bryant did most of that.  
 16 Q Okay.  
 17 A Now, whether she has that authority, you know, with  
 18 him I don't know.  
 19 Q Do you know whether J. R. Hampton and Karen Hampton  
 20 were ever involved with an entity known as SECC?  
 21 A Yes.  
 22 Q Okay, and so your--the answer to that  
 23 question is yes they were?  
 24 A Yes, they--to my knowledge, yeah, they were owners  
 25 of SECC.

1 the Attorney General's Office, you  
 2 supplied us with another document which  
 3 I'd like to show you. I believe this  
 4 document is two pages. Can you identify  
 5 this document?  
 6 A Yes. Invoice printed off the billing system,  
 7 similar to the last document.  
 8 Q And the vendor name is SECC, is that  
 9 correct?  
 10 A Yes.  
 11 Q How did you obtain this document?  
 12 A The same as the last, it can be printed off the  
 13 billing system.  
 14 Q Okay. Do you believe this copy is true and it  
 15 fairly and accurately represents the original  
 16 record on file at CVE?  
 17 A Yes.  
 18 Q Do you have any reason to doubt its  
 19 veracity or accuracy?  
 20 A No.  
 21 Q Did you alter this document in any way,  
 22 shape or manner?  
 23 A No.  
 24 MR. HAUSER: Note my same objection,  
 25 comment, on the original record.

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1 Q What I'd like to do is just go over a few  
2 of what--a few items of what this invoice  
3 shows. Again, it was very--it's very  
4 similar it appears to the previous  
5 document admitted as an exhibit, and it  
6 shows dates, is that correct?  
7 A It does show dates, yes.  
8 Q And amounts further over to the right, is  
9 that correct?  
10 A Correct.  
11 Q So does this document show amounts paid from CVE to  
12 SECC?  
13 A Yes.  
14 Q And subject to my math being correct,  
15 does this document then show \$9,547.00 in  
16 CVE payments to SECC?  
17 A That's approximately correct.  
18 MR. COOK: Okay, I'd like to  
19 admit this document as AG No.  
20 2.  
21 \*\*\*\*Attorney General Exhibit 2 so marked and attached.  
22 Q Do you have any knowledge regarding the  
23 address listed for SECC?  
24 A No knowledge. I've never seen an address other  
25 than Barbourville, Kentucky.

1 Q And the second page here, can you identify that?  
2 A Yes, it's handwritten on the back of the check  
3 SECC.  
4 Q Okay, and there's a stamp on there, what does that  
5 say?  
6 A For deposit only Cumberland Valley RECC.  
7 Q Okay. And do you have any knowledge regarding who  
8 this check may have been cashed by?  
9 A Yes, totally from what was told to me.  
10 Q Who would that have been?  
11 A Robert Tolliver.  
12 Q Robert--Robert Tolliver cashed this check  
13 or...  
14 A No, he--to his know--or to my knowledge, what was  
15 told to me, that Karen Hampton cashed this check.  
16 Q Oh, okay.  
17 A Put it in the drawer of CVE, took the cash and put  
18 it in her purse.  
19 Q And the reason why you said Robert, was  
20 that the person from whom you learned  
21 this?  
22 A Yes, that was obtained...  
23 Q Okay, I wanted to clarify that. So if I  
24 understand correctly, you're saying Karen  
25 Hampton, who was an employee of CVE,

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1 Q Do you know whether there was a P. O.  
2 box?  
3 A No. No, not to my knowledge.  
4 Q Do you have any knowledge of whether  
5 anyone ever witnessed a CVE employee or  
6 officer ever picking up SECC's mail at a  
7 P. O. box?  
8 A No.  
9 Q I'd like to show you another document and I'll pass  
10 exhibits around also. Can you identify this  
11 document for us?  
12 A Yes, it is a check written from Cumberland Valley  
13 Electric to SECC in Barbourville, Kentucky.  
14 Q And is the amount depicted here on this check?  
15 A Two thousand five hundred and ten dollars and  
16 forty-five cents (\$2,510.45).  
17 Q And who is the check signed by?  
18 A Wayne Bryant and Robert Prevatte.  
19 Q And who is Wayne Bryant and what did he  
20 do?  
21 A He was the head accountant before he retired,  
22 assistant manager, Robert Prevatte was the office  
23 manager.  
24 Q And they both worked for CVE?  
25 A Yes.

1 cashed this check made payable to SECC,  
2 and did you say that she put the money in  
3 her purse, is that...  
4 A Yes, that's what was reported to me.  
5 MR. COOK: Okay. I'd want to  
6 go ahead and move that this  
7 exhibit be entered as AG next  
8 in order.  
9 MR. HOWARD: Which would be No. 3.  
10 MR. HAUSER: My same notation or  
11 objection, all copies.  
12 \*\*\*\*Attorney General Exhibit 3 so marked and attached.  
13 Q Okay, Mr. Carroll, do you have any knowledge about  
14 an entity known as Southeast Petroleum, Inc.?  
15 A No.  
16 Q Okay. Do you know whether J.R. Hampton  
17 might have been involved with Southeast  
18 Petroleum?  
19 A Just through hearsay.  
20 Q So what was your understanding of that through  
21 hearsay?  
22 A That he was a part owner...  
23 MR. HAUSER: Object to the hearsay.  
24 A That's just--I mean, that's just the truth, that's  
25 how I heard it, just through another party.

1 Q I'm sorry, could you repeat that again?  
 2 A I just heard that through another--you know,  
 3 through talking, just through hearsay. I don't  
 4 have no knowledge of that personally.  
 5 MR. HAUSER: And I know it's been going  
 6 on, but anytime anybody has--we note our  
 7 ongoing objection to anybody whose Mr.  
 8 Carroll has testified to somebody told  
 9 him whatever that is, absolute hearsay.  
 10 MR. HOWARD: Well, we understand, and  
 11 I'll be handling the objections on behalf  
 12 of the Attorney General's Office, and Mr.  
 13 Cook will be asking the questions, and I  
 14 understand the objections, and by the  
 15 way, we frequently do this at the PSC.  
 16 Just go ahead and ask it.  
 17 Q Let me explain too to Mr. Carroll. From time to  
 18 time attorneys will object, and it can happen on  
 19 both sides where an objection will be entered, and  
 20 what we do in that case that the objection is noted  
 21 for the record, okay? And then we just go ahead  
 22 and we go on with the next question and the witness  
 23 will answer it.  
 24 A Okay.  
 25 Q Who--you stated earlier that you had

1 Q Okay.  
 2 MR. HAUSER: You going to introduce this  
 3 as an exhibit?  
 4 MR. COOK: Yes. I'd like to move to have  
 5 this introduced as the Attorney General's  
 6 next in order.  
 7 \*\*\*\*Attorney General Exhibit 4 so marked and attached.  
 8 Q Mr. Carroll, do you have any knowledge  
 9 about whether CVE at the times that it  
 10 purchased fuel from SEP, SEP I'm  
 11 referring to Southeast Petroleum, whether  
 12 CVE ever received any bids from other  
 13 fuel vendors? Did you understand my  
 14 question?  
 15 A Yes, I understand you asked if I have any knowledge  
 16 of other vendors I guess.  
 17 Q Right.  
 18 A No, I do not have any knowledge of that.  
 19 Q Okay. Are you aware of an entity known as  
 20 Southeast Transport?  
 21 A Yes.  
 22 Q Okay, and I think we established earlier  
 23 that in the Attorney General's  
 24 supplemental discovery request AG246 Ted  
 25 Hampton was identified as the owner of

1 heard just through--just around the  
 2 office that Mr. Hampton, that J. R.  
 3 Hampton was involved in Southeast  
 4 Petroleum. Who was it who told you that,  
 5 do you know?  
 6 A Around the office, again that--I don't recall  
 7 anybody, any individual that actually told me, I  
 8 just remember hearing that.  
 9 Q Do you know whether CVE ever contracted with  
 10 Southeast Petroleum for bulk fuel purchases?  
 11 A To my knowledge CVE did purchase fuel through that  
 12 entity.  
 13 Q At this time I'd like to show you another document  
 14 taken from the Kentucky Secretary of State web  
 15 site. This document, this was not something you  
 16 handed to me earlier, this was just public  
 17 information available on the Kentucky Secretary of  
 18 State web site, when we typed in Southeast  
 19 Petroleum we got this result. Can you tell me from  
 20 this document, about halfway down on the first  
 21 page, who the registered agent is?  
 22 A John Rex Hampton.  
 23 Q Okay. And is that his address there in  
 24 Smith Brewer Road?  
 25 A I do not know.

1 Southeast Transport, and I'm going to  
 2 refer to it as SET. I'm like to show you  
 3 another document that I obtained from the  
 4 Kentucky Secretary of State web site in  
 5 that regard. Okay, we'll move on from  
 6 that one, that's okay. Let's move along.  
 7 Do you know whether CVE employees ever  
 8 worked on or serviced Southeast  
 9 Transportation trucks?  
 10 A I know Southeast Transportation trucks were there  
 11 on site at CVE on the premises and inside of locked  
 12 gates. Mr. McCuen has worked on some of the  
 13 Southeast Transportation trucks.  
 14 Q Okay. And I think earlier you mentioned  
 15 to us that one day there was an injury to  
 16 somebody's foot. Whose foot was injured  
 17 and how did that happen?  
 18 A Elbert Hampton, a brother of Mr. Hampton, backed  
 19 the truck or pulled the truck forward, whatever, he  
 20 rolled the tire over John Rex Hampton's leg, which  
 21 was to my knowledge broke his leg.  
 22 Q Okay, so John Rex was injured and this  
 23 would have been SET truck?  
 24 A Truck on CVE property.  
 25 Q On CVE's property, okay. And let's see,

1 I think you identified earlier that  
 2 William McCuen worked on SET trucks, is  
 3 that right?  
 4 A To my knowledge.  
 5 Q Okay. Do you know of anybody else at CVE  
 6 who ever worked on SET trucks?  
 7 A No.  
 8 Q Okay. Do you know who else was aware of  
 9 this?  
 10 A That the work was performed on those trucks?  
 11 Q Right.  
 12 A You know, not really, I don't--I don't...  
 13 Q Would Mr. McCuen know?  
 14 A Mr. McCuen would be the one to ask that question.  
 15 Q Okay.  
 16 MR. HOWARD: And just so we can have a  
 17 clear record, if it's okay with counsel,  
 18 the spelling of the last name for the  
 19 court reporter, I mean do we have that  
 20 available so we can have that now and try  
 21 to avoid...  
 22 MR. COOK: I don't think we know it right  
 23 now. Do you all know how McCuen's last  
 24 name is spelled?  
 25 MR. HOWARD: I'm just trying to keep a

1 called Knox Auto Parts?  
 2 A Yes.  
 3 Q How do you know of this?  
 4 A Elbert Hampton was the owner of Knox Auto Parts to  
 5 my knowledge, at one point in time.  
 6 Q I'd like to show you a print-out from the Kentucky  
 7 Secretary of State's web site.  
 8 MR. HAUSER: Is this Exhibit 5?  
 9 MR. HOWARD: That's the number I have,  
 10 yes, sir.  
 11 Q And Mr. Carroll, I just wanted to ask you  
 12 if you can identify from this document  
 13 who the registered agent for that company  
 14 is?  
 15 A John Rex Hampton.  
 16 Q And a little further down it says who the  
 17 director and incorporator was?  
 18 A John Rex Hampton.  
 19 Q Is that yes for both?  
 20 A Yes.  
 21 MR. HAUSER: Just note my objection to  
 22 his personal knowledge. I'm assuming  
 23 you're just asking him to read what's on  
 24 the paper.  
 25 MR. COOK: Right. Okay, move to admit

1 clean transcript.  
 2 TED HAMPTON: M-C-U-E-N.  
 3 MR. HOWARD: Thank you, Mr. Hampton.  
 4 Q Mr. Carroll, do you have any knowledge of what sort  
 5 of items SET trucks would transport?  
 6 A No.  
 7 Q Did SET employees ever come onto CVE  
 8 property at anytime?  
 9 A John Rex would be there from time to time, his wife  
 10 worked there. Not to my knowledge of any other  
 11 employees.  
 12 Q Okay. Did any of the CV--excuse me, did  
 13 any of the SET employees ever enter onto  
 14 the CVE business office and speak with  
 15 any CVE employees or officers?  
 16 A Other than John Rex, that would be the only one I'd  
 17 know of.  
 18 Q Do you know whether SET ever conducted any business  
 19 with CVE?  
 20 A Not to my knowledge.  
 21 Q Okay. To the best of your knowledge did  
 22 CVE ever make any payments to SET for any  
 23 reason?  
 24 A I have no knowledge of it.  
 25 Q Do you have any knowledge of an entity

1 this as AG next in order.  
 2 \*\*\*\*Attorney General Exhibit 5 so marked and attached.  
 3 Q Mr. Carroll, do you have any personal knowledge  
 4 regarding Knox Auto Parts?  
 5 A Yes, I have some personal knowledge. I know...  
 6 Q Did CVE conduct any business with Knox  
 7 Auto Parts?  
 8 A Yes.  
 9 Q Okay, what type of business?  
 10 A Buying tools. I know I heard a lot of buying stuff  
 11 like oil and rags and just...  
 12 MR. HAUSER: Object to heard of. I mean,  
 13 if he has personal knowledge is one  
 14 thing.  
 15 A Well, I have personal knowledge of an invoice  
 16 actually that was signed by someone else that wrote  
 17 my name on some of the smaller--it wasn't big  
 18 purchases, but it was some purchases from Knox Auto  
 19 Parts.  
 20 Q I understand.  
 21 A That I've seen personally.  
 22 Q So someone wrote your name on an invoice?  
 23 A Yeah.  
 24 Q With Knox Auto Parts...  
 25 A Yes.

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1 Q ...from CVE?  
 2 A Yes. Or it was written from Knox Auto Parts.  
 3 Q Okay. Do you have any recollection of  
 4 what the amount of that invoice was?  
 5 A It wasn't a big amount. I can't remember--I do not  
 6 recall the exact amount.  
 7 Q Okay. Do you know what type of business  
 8 that Knox Auto Parts did for CVE?  
 9 A Just selling of material, tools. I don't really  
 10 know the exact, if they done any type of other, you  
 11 know, business related items other than sell  
 12 material.  
 13 Q Okay. Do you have any knowledge about  
 14 how much business in rough dollar figures  
 15 was transacted monthly between the two?  
 16 A The best knowledge that I can recall of seeing any  
 17 transact, I can remember seeing some stuff that  
 18 would run into thousands of dollars in a month, and  
 19 then business ceased to exist with Knox Auto after  
 20 the Hamptons sold that business or whatever they  
 21 did with the business.  
 22 Q Okay.  
 23 A No longer did those thousands of dollars need to be  
 24 spent. I did not see nor do I recall any other  
 25 business that kind of took that place.

1 provided to CVE do you know whether there  
 2 was a bidding process?  
 3 A Not to my knowledge.  
 4 Q And earlier I think you stated that the  
 5 business relationship with Knox, that CVE  
 6 had with Knox, ceased at a certain point.  
 7 Do you know what caused that relationship  
 8 to terminate?  
 9 A To my knowledge the--you know, just hearing at the  
 10 office, but you know, Elbert's son Steve got a  
 11 divorce or something and maybe they gave that to  
 12 her side of her family and Steve took the house. I  
 13 have--and again, that I'm sure is totally  
 14 objectionable.  
 15 Q Well, let me ask you, you mentioned an  
 16 individual named Steve, Steve Hampton.  
 17 Does he bear any relationship with Ted  
 18 Hampton?  
 19 A Yes, that's his nephew, Elbert Hampton's son. He  
 20 worked at Knox Auto Parts for some period.  
 21 Q He worked at Knox? Do you know what he  
 22 did at Knox?  
 23 A No, I really don't.  
 24 Q So let me see if I understand correctly,  
 25 Steve was the son of Elbert, is that

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1 Q Okay. And I think you told us earlier  
 2 that Knox Auto Parts provided parts and  
 3 other materials...  
 4 A Yes.  
 5 Q ...to CVE?  
 6 A Yes.  
 7 Q Did Knox Auto Parts purchase these products and  
 8 then re-sell them to CVE?  
 9 A Yes.  
 10 Q Were these products that only Knox Auto  
 11 Parts could procure or they required some  
 12 sort of special expertise that only Knox  
 13 Auto Parts had?  
 14 A No.  
 15 Q How do you know this?  
 16 A Well, I mean, they're buying general tools and  
 17 equipment. There's all kinds of auto parts stores.  
 18 Q Okay. Well, what kinds of tools and  
 19 equipment, were they specialized for the  
 20 utility industry?  
 21 A Seem--oils, rags, wrenches, you know, stuff to  
 22 splice wire and cut, you know, just normal,  
 23 everyday equipment that could be used utilized I  
 24 assume at a utility.  
 25 Q With regard to the products that Knox

1 correct?  
 2 A Yes.  
 3 Q Okay. And they both worked for Knox Auto  
 4 Parts which did business with CVE?  
 5 A Elbert Hampton worked for Cumberland Valley  
 6 Electric.  
 7 Q Elbert did?  
 8 A Elbert worked for Cumberland Valley, and Steve  
 9 worked at Knox, which Steve now works at Cumberland  
 10 Valley, but Steve worked at Knox Auto at the time.  
 11 Elbert worked at Cumberland Valley Electric.  
 12 Q Okay, we're going to get to Elbert a  
 13 little bit later in a little bit more  
 14 detail. Do you have any knowledge of  
 15 where CVE's records regarding its  
 16 transactions with Knox Auto Parts would  
 17 be kept?  
 18 A No.  
 19 Q With regard to CVE's records in general  
 20 do you know where they are kept?  
 21 A Some records are kept in the basement, some in the  
 22 office, the general billing office, some out in a  
 23 little warehouse that's like a steel building,  
 24 there's some records out there.  
 25 Q That warehouse, is that a separate

1 building...

2 A Yes.

3 Q ...from the main office?

4 A Yes.

5 Q Earlier we had mentioned Elbert and--

6 Elbert Hampton, and could you repeat

7 again his relationship with Ted Hampton?

8 A That's Ted's brother.

9 Q Okay. And just so I understand, did

10 Elbert play any role in Knox Auto Parts?

11 A Well, I was witness to Elbert speaking on the

12 phone, on a speakerphone actually, purchasing a

13 piece of equipment that was approximately three

14 thousand dollars. He negotiates the price with the

15 gentleman, hangs up, calls Steve at Knox Auto,

16 gives Steve the number of this person, buy this

17 equipment at three thousand, you sell it to

18 Cumberland Valley, and Steve asked the question

19 what do I sell it for, he said you sell it to

20 Cumberland Valley for six. And yes, I think Elbert

21 had some direct involvement with...

22 Q Okay.

23 A ...Knox Auto Parts.

24 Q Let me just, if you don't mind if I could

25 go back over what you just said just so

1 A After, yes, after he got off the phone.

2 Q Okay. And Elbert had told--tell us again

3 in your words what it was that Elbert

4 told Steve.

5 A Steve, he told Steve that he just negotiated a

6 price for three thousand dollars...

7 Q He who negotiated that?

8 A Elbert negotiated a price to the vendor for three

9 thousand dollars. Elbert then asked Steve to call

10 this vendor at this number to purchase that piece

11 of equipment and sell that piece of equipment to

12 Cumberland Valley Electric. Steve asked Elbert,

13 how much do I need to sell it to Cumberland Valley

14 for. Elbert's reply was for six thousand dollars.

15 Q So if I understand what you're saying

16 then, is that CVE could have purchased

17 this equipment from a vendor and that

18 Elbert had even been negotiating with

19 this vendor and could have purchased this

20 equipment for three thousand dollars, but

21 he instructed his son who was working for

22 Knox Auto Parts to procure that item and

23 resell it to CVE at double the price?

24 A Yes.

25 Q Okay. Do you know whether Elbert was

1 I--first to make sure I understand and

2 make sure it's clear for the record too.

3 A Okay.

4 Q So you personally overheard...

5 A I was standing in the office.

6 Q You were standing in the office when

7 Elbert Hampton, who you had earlier said

8 was working for CVE?

9 A Yes, this was during CVE business hours.

10 Q Okay, and he was on a speakerphone and

11 who was he talking with?

12 A His son, Steve.

13 Q His son, Steve?

14 A At Knox Auto.

15 Q And what was the nature of their--what

16 were they discussing, a piece of

17 equipment did you say?

18 A It was a piece of equipment.

19 Q Do you know what kind of equipment?

20 A To my knowledge it was some type of motor or

21 something, but I don't--I can't recall the exact

22 piece of equipment. I just remember making a

23 comment to Elbert that, hey, you should ask me to

24 leave the room and I don't need to hear that.

25 Q So you had said that to Elbert...

1 ever involved in any other businesses?

2 A He was on the board at the hospital here in

3 Barbourville.

4 Q Would that be the Knox County Hospital?

5 A Yes, Knox County Hospital.

6 Q Okay. I'd like to show you some

7 documents that again we obtained from

8 Kentucky Secretary of State's web site.

9 We'll distribute these. Alright, on page

10 one this document shows a Knox County

11 General Hospital is the entity and the

12 information was retrieved, and can you

13 tell who the president of this Knox

14 County General Hospital was?

15 A Elbert R. Hampton.

16 Q Okay, to your knowledge is that the same Elbert

17 Hampton who worked for CVE who is a relative of Ted

18 Hampton?

19 A Yes.

20 MR. HAUSER: Note my objection to the

21 relevance of this piece of paper.

22 MR. COOK: We'll go ahead and introduce

23 this as Attorney General's next in order.

24 MR. HOWARD: Which would be No. 6

25 according to my records.

1 \*\*\*\*Attorney General Exhibit 6 so marked and attached.

2 Q Okay, the Elbert--Mr. Carroll, we mentioned Elbert

3 Hampton. Is Elbert Hampton, the one that worked at

4 CVE, is he also a member of a Charleston Bottoms

5 Rural Electric Cooperative Corporation?

6 A I have no knowledge of that.

7 Q Okay. There toward the back of this

8 document that was just entered, one, two,

9 three, about five pages back there's a--

10 we entered information for Charleston

11 Bottoms Rural Electric Co-Op, and about

12 two-thirds down the page it lists a

13 series of directors, and does Elbert's

14 name appear there also?

15 A Yes.

16 Q Okay. And I believe you said earlier that Elbert

17 was an employee of CVE. Do you know if he still

18 is?

19 A He is retired from CVE and is now a board member of

20 CVE.

21 Q He's now a member of the CVE board of

22 directors?

23 A That is correct.

24 Q Okay. Do you know whether Elbert was

25 ever an employee at the same time that he

1 for that amount of time to be depreciated off the

2 books properly. But yes, I had felt that some

3 lines were built prematurely.

4 Q In the course of your employment with CVE

5 did you ever learn of any jobs which may

6 have been started for which a customer

7 would have to pay a certain portion but

8 for which the customer was not charged?

9 A I personally would not know that.

10 Q Alright, okay. And do you have any

11 knowledge regarding any other work that

12 CVE conducted that may have been

13 unnecessary? You mentioned some power

14 lines.

15 A Well, just--just through the years, you know,

16 there's sometimes there's power lines that are

17 constructed that just appear not needed at that

18 time, could have been prolonged, saved money, you

19 know, during that time.

20 Q Did anybody at CVE ever instruct you to

21 add money to projects?

22 A Mr. Hampton instructed me to add money to a work

23 plan at one time that we discussed earlier.

24 Q Okay, he asked--I didn't understand what

25 that was.

1 was a member of the board of directors of

2 CVE?

3 A I don't have any knowledge if he would have been.

4 Q Okay.

5 A I assumed he was retired.

6 Q Okay. Do you have any knowledge

7 regarding a power line that was run to a

8 cabin off of Red Bird Road?

9 A I don't have much knowledge of that particular

10 power line.

11 Q Okay. If I mentioned to you the name J.

12 B. Johnson, does that mean anything to

13 you?

14 A No.

15 Q Do you know anything about the laying of

16 a line to the Whitley County School

17 System?

18 A No.

19 Q In the course of your employment with CVE have you

20 ever learned of lines being laid which in your

21 opinion were not necessary?

22 A I felt some lines were reconstructed prematurely.

23 You know, I always kind of felt if we're going to

24 depreciate these for 30 years or X amount of years

25 that we should give it that opportunity to be there

1 A Mr. Hampton asked me to add money to a work plan.

2 Q A work plan?

3 A For construction.

4 Q Oh, okay.

5 A A construction work plan.

6 Q Yeah, I think we discussed that.

7 A We discussed that a little bit earlier.

8 Q Okay. And you refused to add it...

9 A Yes, I did.

10 Q ...is that correct?

11 A Yes, I did.

12 Q Okay. Now, Mr. Carroll, we know from our

13 written discovery that CVE obtains at

14 least a portion of its funding from the

15 RUS loans. Do you have any knowledge

16 about what the proceeds for those loans

17 were spent on?

18 A Spent on construction at CVE.

19 Q Would that have included right-of-way

20 work?

21 A Right-of-way would be included. Most of it would

22 be on your day to day construction or building of

23 lines, tie lines or just normal CVE business.

24 Q Okay. And would--to your knowledge did

25 Ken Lay work on any of the right-of-way

1 work for which RUS loans were received?  
 2 A Kenneth Lay owned the company to my knowledge, but  
 3 Kenneth Lay did not, you know, go out in the field  
 4 and actually do work himself.  
 5 Q I understand.  
 6 A Mr. Hampton kept an eye on the right-of-way people.  
 7 Sometimes he'd have Cumberland Valley servicemen go  
 8 out and check on some of the right-of-way  
 9 personnel.  
 10 Q Mr. Carroll, do you have any knowledge  
 11 regarding how an individual comes to be  
 12 on the CVE board of directors?  
 13 A To my knowledge people like Elbert was appointed by  
 14 Ted Hampton. Actually, two or three were  
 15 appointed, the last two or three that I know of  
 16 were appointed to my knowledge.  
 17 Q Do you know whether there were any  
 18 elections to the board of directors?  
 19 A Not to the last current ones that's been appointed  
 20 to that board, I don't know of any election. I do  
 21 know that Mr. Lay on that board, at the time he was  
 22 appointed, was not a member of Cumberland Valley  
 23 Electric, and later became a member. His father  
 24 was a member, but he himself was not a member at  
 25 the time he was appointed.

1 A Right, I don't have no knowledge of anything like  
 2 that, no.  
 3 Q Okay, okay. Do you have any knowledge  
 4 regarding the keeping of CVE corporate  
 5 minutes?  
 6 A The CVE corporate minutes as to my knowledge is  
 7 kept by Ted Hampton.  
 8 Q Is Ted Hampton the secretary, the  
 9 corporate secretary, do you know?  
 10 A No, he wouldn't be the secretary. They would have  
 11 an appointed secretary.  
 12 Q So Mr. Hampton is the one who takes the  
 13 corporate minutes?  
 14 A Yes. To my knowledge he's the one that takes the  
 15 corporate minutes.  
 16 Q Are there other relatives of Ted Hampton's who  
 17 either currently are or ever have worked for CVE?  
 18 And I think you previously identified a Jay  
 19 Hampton?  
 20 A Yeah, you have Ted Hampton, Jay Hampton, Elbert  
 21 Hampton, Karen Hampton, Steve Hampton. I know his  
 22 daughter worked there part-time, Amy Hampton, just  
 23 while she was going to school.  
 24 MR. HOWARD: Whose daughter, I'm sorry?  
 25 A Ted's daughter, I'm sorry, Ted Hampton's daughter,

1 Q Okay, so...  
 2 MR. HAUSER: Who is that? He's referred  
 3 to Mister...  
 4 Q Could you repeat that again?  
 5 A Mr. Lay.  
 6 MR. HAUSER: As a member of the...  
 7 A Board.  
 8 MR. HAUSER: ...board? What's his first  
 9 name?  
 10 Q What was Mr. Lay, was that his father or relative  
 11 of Mr. Ken Lay?  
 12 A I don't know his first name. I have no idea if  
 13 there's any kinship there.  
 14 Q Oh, okay.  
 15 A I have no knowledge of that.  
 16 Q Oh, okay. So it was another individual with the  
 17 last name of Lay, or you don't know...  
 18 A It's Lay or--you know, I don't know him personally,  
 19 I just know--I just know from CVE, being there at  
 20 CVE.  
 21 Q Okay, so if I understand correctly, there  
 22 was an individual on the CVE board of  
 23 directors with the last name of Lay, but  
 24 you don't know whether that individual  
 25 was related to the Kenneth Lay...

1 Amy Hampton just temporarily while she was going to  
 2 school. And Lori Beth Hampton, which is the  
 3 daughter of Karen and John Rex, to my knowledge  
 4 worked there temporarily I'm assuming the same.  
 5 Q Okay. And those individuals you just  
 6 mentioned, do you know in what capacity  
 7 they worked there at CVE?  
 8 A Jay was a superintendent, or currently  
 9 superintendent, but used to be a serviceman for  
 10 probably 25, 28 years approximately. Elbert was  
 11 the superintendent retired and then became a board  
 12 member and Jay took his position. Steve was hired  
 13 on as a serviceman to my knowledge, or a lineman,  
 14 serviceman/lineman I guess. I assume he was  
 15 probably a lineman. Karen we discussed earlier,  
 16 she worked in the billing and accounting  
 17 department.  
 18 Q Okay, and I think you mentioned, was  
 19 there Karen's daughter also?  
 20 A Lori Beth and Amy were just temporary.  
 21 Q Oh, temporary?  
 22 A Temporary help, was not...  
 23 Q Okay. And we previously discussed that Elbert is a  
 24 retired superintendent, he's currently on the board  
 25 of directors, is that correct?

1 A Yes.

2 Q Do you know who he replaced on the board

3 of directors?

4 A No.

5 Q Okay. Are you aware of any contractors

6 who stopped doing business with CVE?

7 A I don't have full knowledge of the contracting

8 situation on that, so I don't think I would be

9 appropriate, just things that I've heard.

10 Q Okay, has anybody ever told you, and we

11 can identify this as whether you learned

12 secondhand from someone else?

13 A Well, let's see, I was out at lunch one time when

14 there was a contractor that claimed to have worked

15 for CVE and quit doing business with CVE because,

16 you know, they didn't like the way business was

17 handled there. They made comments of, you know,

18 they couldn't afford to work at CVE. You know, I

19 just don't want to put words into something--I want

20 to keep things pretty factual here and...

21 Q I understand.

22 A I don't want to...

23 Q I understand.

24 A To my knowledge the gentleman's name was Lansford

25 Lay.

1 Q Lansford Lay? And this is regards to the person

2 who was on the board...

3 A Board.

4 Q ...of directors? Okay.

5 A Supposing.

6 Q Earlier we had said we don't know, you had said you

7 don't know...

8 A Right.

9 Q ...if he is related in any way to Kenneth

10 Lay, is that right?

11 A I have no knowledge of anything like that.

12 Q Alright. Do you have any knowledge of

13 anyone working for CVE who may have

14 expressed some sort of statements about

15 having great confidence in getting the

16 CVE rate request approved with the PSC?

17 A I've heard--I've heard that statement. I have

18 heard the statement that Elbert has a lot of

19 contacts in that area, he was state representative

20 one time. I've heard somebody make that statement,

21 that Elbert could probably get this smoothed over.

22 MR. HAUSER: Object to the hearsay,

23 object to the relevance.

24 Q Do you have any knowledge of anyone at

25 the Kentucky Public Service Commission

1 who may have learned of some allegations

2 of wrongdoing at CVE?

3 A Yes, I have had Dennis Hildenbrand.

4 Q Do you know how to spell that last name?

5 A No. But he did report to me that he had talked

6 with Drucilla Foley, secretary of Ted Hampton and

7 said that Drucilla had told him some disturbing

8 information about the cooperative and actually was

9 into tears and then making the comment to him that,

10 you know, she can't believe she's even telling him

11 this. So this come straight from Dennis

12 Hildenbrand to me because he was substantiating

13 some of the information that I was discussing.

14 Q This individual, Dennis Hildenbrand, did

15 he at one time work at the PSC, is that

16 correct, or...

17 A To my knowledge.

18 Q ...do you know...

19 A He did work at the PSC.

20 Q Okay.

21 A He may be retired at this time.

22 Q Do you know whether the PSC ever

23 investigated any of these allegations?

24 A Dennis told me that he took the information to his

25 immediate supervisor and that was the end of it, he

1 heard nothing else of it.

2 Q So the way you learned of this was that

3 Dennis told you this, is that correct?

4 A That is correct, Dennis told me that personally.

5 Q Did CVE ever file a civil suit against

6 you?

7 A Yes, they did.

8 Q What were the allegations?

9 A Just returning of some equipment that I had not

10 gave back to them, and my stance was I was

11 basically telling them to come and get the

12 equipment and they wanted me to deliver the

13 equipment, so I did do that.

14 Q Was that suit settled?

15 A Oh, yes.

16 Q Okay. Were any criminal charges filed

17 against you arising out of that incident

18 that was the subject of the civil suit?

19 A Not to my knowledge. I know of nothing like that.

20 Q Alright. And were you terminated from

21 CVE?

22 A Yes, Mr. Hampton and Mr. Bryant, Wayne Bryant was

23 present, he told me he was laying me off due to

24 hiring consultants was what he told me, and that

25 was on July 27th of '04.

1 Q Okay, and the reason he said was hiring  
 2 consultants, I didn't understand what  
 3 that meant. Could you explain?  
 4 A Patterson & Dura were consultants that he was using  
 5 and that was just how he laid it out to me. You  
 6 know, I'm laying you off, we've hired consultants.  
 7 That was pretty much about it.  
 8 Q Okay. And do you believe that there is  
 9 another reason for the termination?  
 10 A I have my beliefs, yes, but I don't know if  
 11 that's...  
 12 Q Okay, well, if you don't want to go into  
 13 it, that--that's...  
 14 A Yeah. I mean, I have my opinions.  
 15 Q Have you ever heard of CVE being referred  
 16 to as Hampton Valley?  
 17 A Yes. At different meetings, at different  
 18 engineering meetings I've heard that before. I've  
 19 heard that as people making jokes.  
 20 Q Previously, Mr. Carroll, we had introduced AG No. 1  
 21 and AG No. 2, they were these two invoices.  
 22 A Uh-huh.  
 23 Q The Ronnie Corey invoice and the invoice  
 24 for SECC.  
 25 A Yes.

1 There's Five-C Construction, Brenda Corey has her  
 2 brother working out there.  
 3 Q Okay, and I think you'd said earlier that  
 4 Kenneth Lay is related to Ted Hampton?  
 5 Cousins?  
 6 A To my knowledge they're cousins.  
 7 Q Let me ask you too...  
 8 A That's what I was always told.  
 9 Q I'm sorry, what was that?  
 10 A That's what I was always told the whole time I was  
 11 employed there.  
 12 Q Okay. Is Mr. Kenneth Lay also related in  
 13 any way to any member of CVE's board of  
 14 directors, to your knowledge?  
 15 A Not to my knowledge.  
 16 Q Okay. Do you know whether Ronnie Corey  
 17 is a friend of Ted Hampton's?  
 18 A I couldn't...  
 19 Q You're not sure?  
 20 A Yeah.  
 21 Q That's okay, if you don't know that's  
 22 okay.  
 23 A Yeah.  
 24 MR. COOK: We're going over a  
 25 few more things just to see if

1 Q Do you know who would have access to these to get  
 2 an original?  
 3 A I would assume CVE could do that through their  
 4 accounting department.  
 5 Q Okay, is there an individual in the  
 6 accounting department who could do this?  
 7 A To get the original?  
 8 Q Uh-huh.  
 9 A There's probably several in there that could get it  
 10 I'm assuming.  
 11 Q Could you list their names for us?  
 12 A Well, the names I have, one's retired, Wayne Bryant  
 13 could get that; Robert Prevatte could get that,  
 14 he's just recently retired; Robert Tolliver could  
 15 get that; Karen Hampton could get that.  
 16 Q Okay. Earlier we had talked about  
 17 Kenneth Lay in regards to his business,  
 18 and I believe you said it was Lay Tree &  
 19 Brush, is that correct?  
 20 A Lay Tree Trimming.  
 21 Q Something like that?  
 22 A Yes.  
 23 Q Is Kenneth Lay related in any way to any  
 24 other CVE employee, to your knowledge?  
 25 A Kenneth Lay? Not--to my knowledge not Kenneth.

1 there's any more follow-up  
 2 here. That's all the questions  
 3 we have for you at this time.  
 4 Anita, do you want to do next  
 5 or do you...  
 6 MS. MITCHELL: No, go ahead.  
 7 MR. HOWARD: Yeah, I think during the  
 8 conference call it was decided Mr. Hauser  
 9 would go next.  
 10 CROSS EXAMINATION BY MR. HAUSER:  
 11 Q Mr. Carroll, with respect to the tree trimming and  
 12 the construction, are you aware that there's a  
 13 bidding process for that?  
 14 A Uh...  
 15 Q You haven't testified to that.  
 16 A No, I don't have any knowledge of any of the bids  
 17 or any kind of process.  
 18 Q Are you aware that there exists a bidding process  
 19 though for that?  
 20 A No.  
 21 Q You're not?  
 22 A I'm not aware--I was not involved with any bids at  
 23 Cumberland Valley Electric.  
 24 Q Are you...  
 25 A I'm sure--I'm sure...

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1 Q You weren't involved with a lot of things you  
2 testified here today about, but--directly. I'm  
3 just asking you, did you have knowledge that there  
4 was bidding process on both the right-of-way work  
5 as well as the construction work?  
6 A No. Construction, you first said right-of-way.  
7 Yes, I am aware there is on construction. I'm  
8 aware that there is bids.  
9 Q Bidding under--bidding under a contract?  
10 A Yes.  
11 Q You indicated that one of your criticisms of the  
12 way some of these contracts are done, it's an  
13 hourly rather than a per job basis.  
14 A Yes.  
15 Q Are you aware of any other co-ops who do it on  
16 hourly basis?  
17 A No.  
18 Q Are you aware of any reasons that you might want to  
19 do it on an hourly basis?  
20 A I would assume that with the other cooperatives  
21 that I've talked with, most people, most  
22 cooperatives, do that on a per job basis. They  
23 feel that's a better way to bid it to get that  
24 fixed cost to put in their budgets. In talking  
25 with Mr. Norman, Mike Norman, he gave temporary

1 A When did that start? I'm not aware of that, no.  
2 Q So you don't have any knowledge whether  
3 it's--your testimony today is that it's  
4 never been used?  
5 A My testimony it was not used during the time I was  
6 employed there.  
7 Q And that was from May of 1995 until July  
8 of 2004, is that correct?  
9 A That was time of employment, correct.  
10 Q When was the bulldozer purchased?  
11 A It's on the invoice. 2001; July 26, 2001.  
12 Q So you're saying, your testimony is it never was  
13 used from 2001 until you left in...  
14 A '04.  
15 Q ...2004, is that correct?  
16 A That's correct. To my knowledge it was not used.  
17 Q So if it were used, you're just mistaken  
18 today then?  
19 A If it were used I would be mistaken, but I parked  
20 very near where the bulldozer stayed parked during  
21 the whole time.  
22 Q You've mentioned Mr. McCuen who works  
23 there, William, known as Boogie, Bogey?  
24 Bogey, you aware of that?  
25 A Yes.

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1 permission in his words to Cumberland Valley years  
2 ago to do it per hour and that was supposed to have  
3 ended, and that come straight from Mike Norman.  
4 That was not supposed to have been ongoing process.  
5 Q So when did you have this conversation  
6 with Mr. Norman?  
7 A That was probably within the past two and a half,  
8 three years. And I did have a witness there as  
9 well.  
10 Q Who would that be?  
11 A That would be Robert Tolliver.  
12 Q How did this conversation with Mr. Norman  
13 arise?  
14 A I don't recall what started the conversation.  
15 Q Was Mr. Norman--how--was Mr. Norman here,  
16 was he on the phone?  
17 A Oh, he was present.  
18 Q You've indicated there was a bulldozer  
19 that you said was never used at all, is  
20 that correct?  
21 A It wasn't used for the time I was there. It was  
22 parked in the same position.  
23 Q Are you aware that it's used for bush-hogging  
24 right-of-way, that they actually have--that's what  
25 it's used for, to bush-hog?

1 Q You're aware of him. Do you, under--did  
2 you know whether or not while you were  
3 working there he was actually an employee  
4 or did he do contract work for them?  
5 A He started off contract. He became an employee  
6 before I left.  
7 Q Okay, so much of the time that he was  
8 there he just did work and then charged  
9 for what he did, correct?  
10 A He was a contractor for Cumberland Valley to my  
11 knowledge, worked on Cumberland Valley equipment on  
12 their property.  
13 Q And primarily what kind of work did he  
14 do?  
15 A Mechanic.  
16 Q He basically did all the work on trucks,  
17 vehicles for Cumberland Valley Electric  
18 by contract, is that correct?  
19 A To my knowledge, yes.  
20 Q You mentioned about certain tools have been  
21 purchased from Knox Auto Parts or other places. Do  
22 you have any reason to believe that the price--we  
23 gave one, other than this conversation that you had  
24 with Mr. Hampton, do you have any reason to believe  
25 that the price of those tools were higher than they

1 should have been?  
 2 A No.  
 3 Q You don't have any knowledge of that?  
 4 A No.  
 5 Q As part of your work at Cumberland Valley  
 6 Electric, were you in charge of the  
 7 Turtle program?  
 8 A Yes.  
 9 Q Why don't you explain what everybody--  
 10 what the Turtle program is?  
 11 A Well, it's automatic meter reading system that was  
 12 installed to read meters, you know, back to the  
 13 office instead of having the meter readers go out  
 14 and read your meter--read their meters.  
 15 Q And did that begin after you became  
 16 employed with Cumberland Valley Electric?  
 17 A Yes.  
 18 Q Do you remember the year they started the Turtle  
 19 program?  
 20 A It was around '96 I think, '96, '97, somewhere  
 21 through there.  
 22 Q And just so people will understand, what-  
 23 -what does that involve? What is a  
 24 Turtle and how does it work and how are  
 25 they installed?

1 automatic meter reading device.  
 2 Q Where are they out of? What's their home  
 3 base?  
 4 A Minnesota.  
 5 Q Did you have any employment position or contract  
 6 position with Hunt Technology?  
 7 A Yes, at one time I did do some work for Hunt  
 8 Technology.  
 9 Q Tell us what that is.  
 10 A Just having some contracts to try to promote to  
 11 move their equipment into other areas, other states  
 12 just in the southeastern area.  
 13 Q And were you paid for this?  
 14 A If any equipment was purchased they would  
 15 definitely--they would pay a commission, a  
 16 percentage, and they gave like a, I'm wanting to  
 17 say a twelve month window to try to help them move  
 18 their product.  
 19 Q So when did you start whis relationship with Hunt  
 20 Technologies?  
 21 A Probably sometime in the 1999, somewhere, maybe  
 22 2000, 2000.  
 23 Q Were you working for Cumberland Valley Electric  
 24 while you were doing this?  
 25 A Yes.

1 A It's an electronic device that goes in a meter,  
 2 sends a signal back to the power line, collected at  
 3 the sub-station and then downloaded into the office  
 4 to give meter readings.  
 5 Q And is the idea of a Turtle to save the  
 6 electric cooperative or the utility  
 7 money...  
 8 A Yes.  
 9 Q ...in the long run? And during the  
 10 entire time that you worked at Cumberland  
 11 Valley Electric, was that your job, to  
 12 install the Turtles? Or to supervise the  
 13 installation?  
 14 A Supervise, yes.  
 15 Q As part of that supervision of Turtles,  
 16 did you program--program the meters?  
 17 A Yes, on occasion.  
 18 Q From whom were those Turtles purchased  
 19 while you were employed at Cumberland  
 20 Valley Electric?  
 21 A Hunt Technologies.  
 22 Q Pardon me?  
 23 A Hunt Technologies.  
 24 Q And what is Hunt Technologies?  
 25 A They are the vendor that produces the Turtle

1 Q So how did you go out and promote the  
 2 technologies to other co-ops or other  
 3 utility commissions?  
 4 A The only time that I ever got an opportunity to do  
 5 it would be like on some vacation or just some time  
 6 that I had to take off and try to go out and help  
 7 other utilities get involved with it.  
 8 Q So your testimony today is that you would  
 9 have never done that while working on,  
 10 say during a work day for Cumberland  
 11 Valley Electric?  
 12 A I'd have no opportunity to go out during a work day  
 13 for these other utilities.  
 14 Q As part of your job did you do some meter  
 15 programming for like three phase lines for  
 16 commercial lines?  
 17 A At Cumberland Valley?  
 18 Q Yes, sir.  
 19 A On occasion I did, A lot of times they would come  
 20 factory programmed, but on occasion I would do  
 21 that, yes.  
 22 Q While you were working at Cumberland  
 23 Valley or just after you left, did you  
 24 learn that there had been a programming  
 25 error on commercial meters?

1 A I heard rumor of that, but that was not--to my  
 2 knowledge that was not in my area.  
 3 Q So if there had been a three hundred and twenty-  
 4 nine, almost three hundred and thirty thousand  
 5 dollar error on the three phase metering for  
 6 commercial lines, you would not have had anything  
 7 to do with that?  
 8 A That was not my mistake, no.  
 9 Q What states were you--back to the Hunt  
 10 Technologies. What states were you responsible for  
 11 trying to promote the Turtle business?  
 12 A I don't recall the states, but it was the  
 13 surrounding states in the area, anywhere that they  
 14 could get some help. They were wanting help  
 15 getting their business going, they were new, but it  
 16 was in the surrounding states of Kentucky.  
 17 Q Uh-huh, and from, let's say from '99 till  
 18 2005, what was the most per year that you  
 19 would have ever received in commissions  
 20 from Hunt Technologies?  
 21 A I think the--well, like I say, the commission ran  
 22 out. It was a time frame that ran out after a  
 23 certain amount of time. It was 12 or 18 months and  
 24 that was it. The most I've ever received probably  
 25 somewhere around two to three hundred thousand,

1 A He works currently for Hunt Technologies now. He  
 2 done such a good job as you could see, they  
 3 actually hired him.  
 4 Q And your testimony today that while you were  
 5 earning this two to three hundred thousand dollar  
 6 commission that that did not interfere with your  
 7 work at Cumberland Valley?  
 8 A No.  
 9 Q What did you make at Cumberland Valley  
 10 Electric?  
 11 A Around fifty, fifty-some thousand, fifty-five,  
 12 fifty-seven, something like that.  
 13 Q Is that what you made when you were--when  
 14 you left or was that what you started at?  
 15 A No, I started at like thirty-one.  
 16 Q Now, as we sit here today do you do any  
 17 work for Cumberland Valley Electric?  
 18 A My family still does some metering work for  
 19 Cumberland Valley Electric, that is correct.  
 20 Q Now, you say your family. Under what  
 21 business does your family operate that  
 22 does work for Cumberland Valley Electric?  
 23 A High Tech Metering Services.  
 24 Q High Tech Metering?  
 25 A Yes.

1 somewhere through there, approximately.  
 2 Q So you received two to three hundred  
 3 thousand dollars?  
 4 A Correct.  
 5 Q In a year?  
 6 A At least in a year, 12 to 18 months, ever how long  
 7 the contract was lasted. It was a 12 month or an  
 8 18 month contract, I don't really recall. It was  
 9 one or the other.  
 10 Q Let me get this straight. So while you  
 11 were working for--you were working for  
 12 Cumberland Valley when this was going on,  
 13 correct?  
 14 A Correct.  
 15 Q And in your part-time you were able to  
 16 procure two to three hundred thousand, is  
 17 that what you said?  
 18 A That's approximately.  
 19 Q In commissions for Hunt Technologies?  
 20 A Right. I was--you know, I had other people working  
 21 with that as well, it wasn't just me.  
 22 Q Who did you have working for you?  
 23 A I had Sean McCarty also going out doing some field  
 24 work, doing...  
 25 Q Where does Sean McCarty work?

1 Q When was High Tech Metering founded?  
 2 A Probably last two or three years.  
 3 Q Who is your family? Who in your family  
 4 owns High Tech Metering?  
 5 A High Tech Metering is owned by Kathy Redmond.  
 6 Q Who's Kathy Redmond?  
 7 A That's my mother.  
 8 Q When did you say High Tech Metering was founded as  
 9 a corporation?  
 10 A Metering was formed the last two or three years.  
 11 Q Did you ever do any metering or did your  
 12 family ever do any metering for any  
 13 electric cooperative, company, city,  
 14 whatever, utility, prior to two or three  
 15 years ago?  
 16 A Yes, we did some--several utilities prior to two or  
 17 three years ago.  
 18 Q When did it start?  
 19 A Probably in 2000, somewhere through there, '99,  
 20 2000, maybe 2001, somewhere in that area.  
 21 Q Now, I...  
 22 A I want to say it may have been incorporated in '99  
 23 maybe.  
 24 Q And what was the name of it in '99, was  
 25 it High Tech Metering then?

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1 A No, it was just High Tech Services back then.  
 2 Q High Tech Services first?  
 3 A Right.  
 4 Q Who was the incorporator of that?  
 5 A I incorporated that, I started that.  
 6 Q How come you changed it?  
 7 A No apparent reason, just--just trying to set  
 8 something up. My mother was wanting to continue to  
 9 go on. I kind of had my fill of it and felt like  
 10 I'd done all I could do in the area, so. So I was  
 11 giving her the ability to go on without me.  
 12 Q During that period of time were you going  
 13 through a divorce?  
 14 A Yes.  
 15 Q Did the changing of that have anything to  
 16 do with the divorce?  
 17 A It's two different entities. It wasn't a changing  
 18 name of the company, it's two different companies.  
 19 Q I thought you said that High Tech  
 20 Services then became High Tech Metering?  
 21 A No, I did not say that.  
 22 Q Alright, what...  
 23 A High Tech Services still exists today. It's still  
 24 open company, and High Tech Metering exists today,  
 25 it's an open company.

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1 Q Today what does High Tech Services do,  
 2 what kind of...  
 3 A Today High Tech Services does nothing.  
 4 Q So it's an inactive corporation?  
 5 A It's not listed inactive, it's still--it's still  
 6 active, but it's not making revenue at this time.  
 7 Q So it's an active non-functioning  
 8 company, is that correct?  
 9 A That is correct. Because it may start back up  
 10 again one day.  
 11 Q But what it was doing, is High Tech  
 12 Metering doing what High Tech Services  
 13 was doing until it became inactive?  
 14 A Not fully. Metering is just fooling with the  
 15 metering itself. No sales, no commissions, nothing  
 16 like that, no promotions are being done by High-  
 17 Tech Metering, just strictly metering.  
 18 Q In response to a question counsel asked  
 19 you about the lawsuit that Cumberland  
 20 Valley filed, that was about equipment,  
 21 wasn't it, electrical testing equipment?  
 22 A It was one piece of electrical testing equipment  
 23 and some other equipment as well.  
 24 Q How much was all that equipment worth?  
 25 A Approximately thirty thousand dollars, somewhere in

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1 that ball park.  
 2 Q Can you tell us when that equipment was  
 3 purchased by Cumberland Valley Electric?  
 4 A No, I cannot.  
 5 Q Can you tell me who was responsible for  
 6 ordering and purchasing equipment?  
 7 A All approvals were from Ted Hampton.  
 8 Q Who ordered the equipment?  
 9 A That would be me.  
 10 Q Where was the equipment taken once it was  
 11 purchased?  
 12 A The equipment was taken--most of the time it was on  
 13 my truck, on my Cumberland Valley vehicle truck.  
 14 It was a piece of field equipment.  
 15 Q Alright, the other equipment, I mean, did  
 16 the--the part that wasn't on your truck  
 17 where was that kept?  
 18 A The parts were kept on the truck. I'm not getting  
 19 the question. The parts to my knowledge that  
 20 you're asking about was on the truck.  
 21 Q Everything, everything you had with--  
 22 everything you had with--all the  
 23 equipment you had was all contained on  
 24 the truck?  
 25 A To my knowledge, yes.

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1 Q And there was thirty thousand dollars  
 2 worth of...  
 3 A Yeah, one piece of it was probably the biggest  
 4 chunk of that.  
 5 Q What piece is that?  
 6 A That was the field test equipment.  
 7 Q Tell me what that consists of.  
 8 A Just to go out and test some of the three phase  
 9 equipment out in the field.  
 10 Q And specifically what--I mean, what does  
 11 it actually look like? What is that?  
 12 A It's a box. It's physically probably two or three  
 13 feet long, maybe a foot wide, maybe two foot long  
 14 possibly.  
 15 Q I'm going to show you a copy of a verified  
 16 complaint that was filed--I'm sorry, counsel, I  
 17 don't have another copy of it.  
 18 MR. HOWARD: If you could let us see that  
 19 though.  
 20 Q We'll make a copy. Mr. Carroll, I want  
 21 you to look at that. Specifically I'm  
 22 referring you to page two. You testified  
 23 about--I mean there's a list of equipment  
 24 listed in that complaint. To the best of  
 25 your knowledge is that accurate?

1 A To the best of my knowledge.  
 2 Q There's a value of thirty-three thousand  
 3 dollars listed for all that equipment.  
 4 Is that...  
 5 A I think that would be...  
 6 Q Is that accurate?  
 7 A ...close.  
 8 Q Do you mind going over--I mean, there's  
 9 about eight or ten pieces there, and just  
 10 tell us what each of those different  
 11 pieces of equipment are.  
 12 A Okay, model RM10 watt-hour, that was a piece of  
 13 equipment that went inside this model 441 field  
 14 tester. It's located inside that box. The field  
 15 tester is like the description says, it's a piece  
 16 of equipment to go out and test field equipment,  
 17 three phase meters and so on. The AVO test jack,  
 18 that is something that you'd have to put on the  
 19 base to put the meter back on to power it up.  
 20 Fluke, that was just a volt meter to measure the  
 21 voltage while you're in the field. Power quality  
 22 analyzer, that was to check the harmonic load.  
 23 It's similar to a volt meter, but it checks  
 24 harmonic. The land tester, the land tester I don't  
 25 recall what that is. It's another piece of

1 Q You testified in response to counsel's question  
 2 that basically the lawsuit was just about  
 3 returning--you'd told Cumberland Valley that all  
 4 they had to do was come pick the equipment up  
 5 and...  
 6 A Yes.  
 7 Q And that's what it was about?  
 8 A Yes.  
 9 Q Who did you deal with at Cumberland  
 10 Valley Electric?  
 11 A I talked with Robert Prevatte about picking up the  
 12 equipment. And Robert was actually going to meet me  
 13 one day, he was going to actually come down and  
 14 pick it up, but I just had it delivered, save him  
 15 the trouble.  
 16 Q When that complaint was--do you know when  
 17 the complaint was dismissed, when that  
 18 case was settled, do you know?  
 19 A No. I remember receiving documents that it was  
 20 dismissed, but I'm not...  
 21 Q Would it have been around November of  
 22 2004?  
 23 Q I would think so. That would sound about  
 24 right.  
 25 Q I'll show you a copy of that. So is it

1 equipment associated with that. I don't really  
 2 recall ever using that. Portable test system, the  
 3 portable was the thing that you could test when a  
 4 consumer would have a complaint, it was a single  
 5 phase unit you could throw on there right quick,  
 6 put your single phase meter back on the equipment  
 7 and test it under the consumer's load. We used  
 8 that quite a bit out there on high bill complaints.  
 9 REPORTER: On what complaints?  
 10 A High bill complaints, when a consumer had a high  
 11 bill we could take that piece of equipment and go  
 12 out and test it right there at their presence. The  
 13 portable standard, that was again a piece of  
 14 equipment used for the 441 field tester. And as  
 15 well the shop stand adapter, that was a piece of  
 16 equipment that actually you could put the meter on  
 17 that held the meter in place, in position. The  
 18 Inspiron laptop computer, computer to test with,  
 19 and the IPAQ was a hand-held device that you could  
 20 plug into your PC at the office. It's like to keep  
 21 up dates and appointments.  
 22 Q Okay, thank you. I would--we'll make a  
 23 copy of it, but I would move to have  
 24 that, this is Exhibit CVE 1.  
 25 \*\*\*\*CVE Exhibit 1 so marked and attached.

1 fair to say though it took from July the  
 2 27th until November, the end of November,  
 3 to get the equipment back, is that  
 4 correct?  
 5 A I would think that would be very close.  
 6 Q Were you using that equipment at this time?  
 7 A No.  
 8 Q When did you cease using the equipment?  
 9 A I had ceased using the equipment as far as doing  
 10 field tests and things like that probably a year or  
 11 so before, beforehand. I hadn't done any field--  
 12 other than maybe a consumer complaint, a complaint  
 13 coming in.  
 14 Q And all this equipment was field testing  
 15 equipment you say?  
 16 A Yes.  
 17 MR. HAUSER: We'd move the order as  
 18 Exhibit 2 to Cumberland Valley Electric  
 19 to show that date.  
 20 MR. HOWARD: No objection.  
 21 \*\*\*\*CVE Exhibit 2 so marked and attached.  
 22 Q Now, while you were employed as an engineer at  
 23 Cumberland Valley Electric, did you do any  
 24 consulting, metering, either for Cumberland  
 25 Electric or for High Tech, consulting with any

1 other co-ops in Kentucky?  
 2 A The metering--or the shop did do work for other  
 3 cooperatives, yes.  
 4 Q And was that under High Tech Metering or  
 5 was that under High Tech Services at the  
 6 time?  
 7 A At the time, the first going on, it was High Tech  
 8 Services.  
 9 Q And you were the owner of High Tech Services, is  
 10 that correct?  
 11 A That is correct.  
 12 Q Tell me who you worked for and what you did during  
 13 that period of time.  
 14 A During the early goings we done some work for  
 15 Southside in Virginia. We done some work for Clark  
 16 Energy in Kentucky, Buckeye in Ohio, Tipmont in  
 17 Indiana.  
 18 Q And what kind of work did you do for  
 19 them?  
 20 A Basically just they would send their meters in,  
 21 they'd fit the meters, put the modules on the  
 22 devices, test the meter, make sure it was working  
 23 properly and then give it back to the customer.  
 24 Q And what type of equipment did you use to  
 25 test those meters?

1 Q Was Cumberland Valley Electric your first  
 2 engineering job?  
 3 A Yes.  
 4 Q So you brought no, in terms of actual experience  
 5 with utility or anything like that, you brought  
 6 none of that experience with you other than your  
 7 schooling, is that correct?  
 8 A Well, I had four years at KU while I was going to  
 9 school, so I actually worked for a utility, so  
 10 maybe brought a little bit of experience.  
 11 MR. COOK: KU meaning...  
 12 A Kentucky Utilities. Sorry.  
 13 Q To your knowledge, Mr. Carroll, you said  
 14 you were over the Turtle program. To the  
 15 best of your knowledge were all of the--  
 16 were all of those Turtles installed  
 17 properly?  
 18 A To my knowledge they were installed properly.  
 19 Q We mentioned, I mentioned the one error  
 20 of three hundred and thirty thousand  
 21 dollars approximately, and you're aware  
 22 of that, if that had anything to do...  
 23 A I'm unaware of that. And that had nothing to do  
 24 with Turtles, that would be a three phase account,  
 25 and they were not reading three phase accounts by

1 A We used Weco.  
 2 REPORTER: I'm sorry?  
 3 A Weco, W-e-c-o.  
 4 Q And physically where was all that done if  
 5 it got shipped in?  
 6 A To my--to my parents' residence, they have like a  
 7 building built on their property, and it was  
 8 physically shipped there.  
 9 Q Did your parents actually do any of the  
 10 work?  
 11 A Yes.  
 12 Q When did they begin in this business?  
 13 A At the early stages because just to be able to do  
 14 that kind of bulk work, you know, I couldn't handle  
 15 doing that, so pretty much from the very earliest  
 16 stage.  
 17 Q So correct me if I'm wrong, but you  
 18 started this consulting business after  
 19 you became an employee of Cumberland  
 20 Valley Electric?  
 21 A I started the metering business after.  
 22 Q Right. Were you doing other consulting  
 23 before?  
 24 A No, I'd just graduated college actually when I  
 25 started working for Cumberland Valley Electric.

1 Turtle, so that had absolutely nothing to do with  
 2 Turtles.  
 3 Q Besides that though, would there be  
 4 programming of meters for the three phase  
 5 account?  
 6 A Not in the metering business, no, did not deal with  
 7 any programming of three phase meters.  
 8 Q Well, without--strike the metering  
 9 business, I'm talking about as Cumberland  
 10 Valley Electric, when you take a three  
 11 phase meter out there would you not have  
 12 to do some...  
 13 A Some...  
 14 Q ...something to make sure?  
 15 A Some was--I didn't install to my knowledge--I don't  
 16 know what account you're talking about, but Jay  
 17 Hampton started installing meters years before I  
 18 quit working at Cumberland Valley Electric, so that  
 19 wouldn't be a meter that I would have personally  
 20 installed at Cumberland Valley, to my knowledge. I  
 21 don't know the account you're referring to. And I  
 22 would assume if they felt it was something in my  
 23 behalf or my fault I wouldn't know why they'd still  
 24 want to do business with my family's metering  
 25 business. You know, that's what they do business

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1 in, and they still do that.  
 2 Q And you say they're still doing business  
 3 with metering?  
 4 A Yes, yes.  
 5 Q What primarily does that consist of?  
 6 A With the AMR and the Turtle program.  
 7 Q Still doing the Turtle program?  
 8 A They're still doing business with my family on  
 9 that.  
 10 Q When you were doing the work for Clark  
 11 Equipment and you said Buckeye and the  
 12 others, were you using any of the  
 13 equipment at Cumberland Valley  
 14 Electric...  
 15 A No.  
 16 Q That was purchased...  
 17 A That was field test equipment. We didn't do any  
 18 field work whatsoever.  
 19 Q Did you ever have any consulting with  
 20 Brownstown Electric & Supply out of  
 21 Brownstown, Indiana?  
 22 A I wouldn't know if I'd call it consulting, we did  
 23 do some meters for them as well. Brownstown is  
 24 currently the commissioned agent for Hunt  
 25 Technologies, to my knowledge.

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1 Q Well, if Brownstown had indicated certain  
 2 metering that you had worked on had not  
 3 been--not been installed properly, would  
 4 you have--would you take issue with that?  
 5 A I would argue against that, yes.  
 6 Q On what grounds?  
 7 A I have--just on the grounds that I've seen  
 8 thousands of meters come out of there and  
 9 Brownstown would probably be the first complaint of  
 10 such issue, and the customers that High Tech has  
 11 even started with, they've had a 100 percent  
 12 retention of all customers, so I'm assuming that if  
 13 they were not doing quality work they wouldn't be  
 14 able to keep a 100 percent of their customers.  
 15 Even today they still hold Cumberland Valley as a  
 16 customer.  
 17 Q While you were working for Cumberland  
 18 Valley Electric, would you agree that you  
 19 were there at the--there at your office  
 20 most of the time or were you on the road  
 21 or how would you describe where you were?  
 22 A I was at the office the majority of the time. You  
 23 know, there'd be times where Mr. Hampton would even  
 24 come down and tell us all to get out, you know, get  
 25 out of there, but the majority of the times I'd be

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1 at the office or at maybe an account. We had  
 2 certain accounts assigned to us, go out and check  
 3 like electrical problems or issues like that.  
 4 Q Were there ever times that people were  
 5 trying to get up with you and couldn't  
 6 find you?  
 7 A I always kept a cell phone. Everybody that needed  
 8 me knew to call me.  
 9 Q So your testimony would be if anybody  
 10 needed you there would be no problem in  
 11 getting up with you?  
 12 A I would think not.  
 13 Q You indicated that you were let go in  
 14 July the 27th and you thought you had a  
 15 reason but you didn't say what it was?  
 16 A Yes.  
 17 Q Do you want to tell us what you think the  
 18 reason was?  
 19 A Maybe at a future time, not right now.  
 20 Q Maybe at a future time?  
 21 A I have no more comment on that.  
 22 MR. HAUSER: I think that's all I have  
 23 for the moment. I may want to take a  
 24 short break and consult for some other  
 25 questions.

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1 MR. HOWARD: Sure, I think what we can do  
 2 is Ms. Mitchell and then--we've been  
 3 going on for an hour and a half. I think  
 4 you ought to have an opportunity to ask.  
 5 MS. MITCHELL: Do you want to take a  
 6 break before you said you were completely  
 7 finished, is that what you said?  
 8 MR. HAUSER: Well, you can go if you'll--  
 9 if I can be allowed to ask a few more  
 10 questions.  
 11 MR. COOK: Yeah, I think maybe it would  
 12 be best if you went ahead.  
 13 CROSS EXAMINATION BY MS. MITCHELL:  
 14 Q Mr. Carroll, you referred to a--there was an  
 15 opportunity--there was a time where Mr. Hampton  
 16 asked you to add some--add to a work plan. And  
 17 when you say add to, are you saying to add expense  
 18 to it?  
 19 A Yes.  
 20 Q Or add work to it or both?  
 21 A It would pertain to both.  
 22 Q And you said you refused. Did that work  
 23 plan, did those items actually get added  
 24 to the work plan and were they filed with  
 25 PSC and approved?

1 A Those items that we were discussing was not added  
 2 to the work plan.  
 3 Q You say Mr. Corey's father served on the  
 4 CVE board?  
 5 A Yes.  
 6 Q Is he presently serving or can you tell  
 7 me the time frame which he served?  
 8 A He's deceased.  
 9 Q Deceased? Do you know what time he  
 10 served?  
 11 A To my knowledge it was many years. I mean, CVE  
 12 could give you the dates of his service.  
 13 Q Was he on the board when they bought that  
 14 bulldozer from Ronnie Corey?  
 15 A That would be ninety--2001. I don't recall the  
 16 year he was deceased, so I don't--I can't recall.  
 17 I don't know what year he deceased.  
 18 Q When you were talking about the incident  
 19 in which you were in the office when Mr.  
 20 Hampton negotiated a deal for some  
 21 equipment for three thousand dollars and  
 22 then discussed with his son to resell it,  
 23 to purchase it and resell it, what year  
 24 was that?  
 25 A I would say that's been somewhere in the past three

1 would not be included.  
 2 Q You stated that you felt that some lines  
 3 were replaced prematurely. When you say  
 4 lines, was it one line, was it several  
 5 lines, can you be more specific?  
 6 A Well, just in the constructing of day to day  
 7 business, you know, there'd be sometimes you'd move  
 8 a line from here to over here because it was just  
 9 more readily accessible but still that's an expense  
 10 to the cooperative, you know, to maybe--to make  
 11 those kind of decisions, you know, and of course,  
 12 that's Ted's decisions to do that, but I would  
 13 question not getting the full life out of the line,  
 14 you know, in an area if it's maintained and kept  
 15 adequately--you know, let that line get to the  
 16 point where you expense that line and depreciate it  
 17 out and then move it to a proper place.  
 18 Q Okay. When you say that that is an  
 19 expense to the co-op, I understand, but  
 20 can you tell me what type of expense  
 21 we're talking about? Are we talking this  
 22 happens all the time, how many lines...  
 23 A Well, I've witnessed myself Mr. Hampton coming to  
 24 the stakers, in question would be like Donald  
 25 Lynch, telling him Donald I'm out of work for the

1 or four years. Maybe anywhere from--I mean that  
 2 could have been even--I can't really recall the  
 3 date, that...  
 4 Q So that expense would not be...  
 5 A It may be in the four to five year.  
 6 Q Okay, I'm sorry. That expense would not  
 7 be included in the test year that's  
 8 presently before the Commission, is that  
 9 right?  
 10 A Could you repeat the question?  
 11 Q That is not a test expense then is what I'm saying  
 12 for...  
 13 A That was not an expense on the work plan, is that  
 14 what you're saying?  
 15 Q No.  
 16 A I'm sorry.  
 17 MR. COOK: You may have to explain what a  
 18 test year.  
 19 Q When a utility comes in for a rate case we look at  
 20 the expenses for that year, for a year.  
 21 A Oh.  
 22 Q And it was not included in the test year  
 23 I assume since it's back in, what did you  
 24 say, 2001, is that correct?  
 25 A Somewhere back in the area, so I'm assuming that

1 contractors, find me work. So to me it was always  
 2 a issue of where I was taking it like, you know, if  
 3 we're out of the work for the contractors, I mean  
 4 you're pushing to keep contractors busy, you know,  
 5 to me that didn't make sense to do that, so you  
 6 know, it's an ongoing process to keep work for the  
 7 contractors.  
 8 Q You said you left employment in July of  
 9 '04. Do you know if any of it happened  
 10 within the past year of your employment?  
 11 A Probably some occurrences. You know, I can't really  
 12 pinpoint right now of any occurrences. I'm sure,  
 13 but yes, I have heard the statements of find me  
 14 work, you know. I'm sure other people could  
 15 testify to that.  
 16 Q But do you know of any instances where  
 17 work was actually foundering at times?  
 18 A No, I don't have any particular instances during  
 19 that time.  
 20 Q Mr. Cook asked you if the PSC was made  
 21 aware of any of the wrongdoing that  
 22 you're speaking of that happened at CVE,  
 23 and you mentioned Dennis Hildenbrand.  
 24 Were you the one--can you tell us all the  
 25 people who conveyed this information to

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1 Dennis Hildenbrand?  
 2 A Drucilla Foley conveyed information according to  
 3 Dennis.  
 4 Q And did you yourself?  
 5 A I talked to Dennis about information as well. He  
 6 made the comment that all I did was confer  
 7 something he'd already heard.  
 8 Q And when did these conversations take  
 9 place?  
 10 A Probably within the last two years.  
 11 Q At anytime do you know of anyone at CVE,  
 12 Ms. Foley or yourself or any others that  
 13 may have conveyed this information to  
 14 anyone at the PSC directly, other than  
 15 Dennis Hildenbrand?  
 16 A I would have no knowledge if someone else conveyed  
 17 any additional information.  
 18 Q Did you?  
 19 A I'm sorry?  
 20 Q You said you had no knowledge of anyone else  
 21 conveying information. Did you convey?  
 22 A Yes, I talked with Mr. Hildenbrand myself...  
 23 Q Excuse me.  
 24 A Okay, I'm sorry.  
 25 A To anyone else, did anyone write a letter...

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1 A I'm sure--I'm sure that I probably conveyed  
 2 information to the PSC, yes, to make them aware of  
 3 what issues that I had been seeing or heard.  
 4 Q Who did you convey that to?  
 5 A I would not have a clue now.  
 6 Q Somebody that came out there, somebody  
 7 that you called specifically or...  
 8 A I really don't recall. I mean, I'm sure that I  
 9 have. You know, I wouldn't deny that at all, but I  
 10 couldn't tell you the person or who it was.  
 11 Q Do you know if anyone ever specifically  
 12 wrote a letter or anything to an  
 13 executive director or division of  
 14 engineering or anyone at the PSC?  
 15 A I'm sure that I have written information to the  
 16 PSC. Like I said, I don't recall who that  
 17 particular person was or who it was, it's been a  
 18 little while, I'm not sure of that.  
 19 Q When you say you've written letters to  
 20 the PSC, do you know what time frame  
 21 we're talking about?  
 22 A Probably within the past year or so.  
 23 Q And you do not know who you would have  
 24 written them to?  
 25 A Do not know the person, no.

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1 Q Do you know what division the person would have  
 2 worked in?  
 3 A No. I'm sure if you have that information you  
 4 would know, I mean I couldn't add to.  
 5 Q Did you ever get a response from PSC at all to your  
 6 letter?  
 7 A No.  
 8 Q Mr. Carroll, back to when we were talking  
 9 about the lines being removed, or  
 10 changed. Were the old lines removed when  
 11 new lines were put in?  
 12 A I would think that they would. You know, I  
 13 couldn't...  
 14 Q You have no knowledge?  
 15 A I couldn't confirm that. A lot of my knowledge on  
 16 some of the lines that were being constructed that  
 17 I was getting would come from some of the staking  
 18 department. You know, they'd go out and stake it,  
 19 that's how I'd get a lot of my knowledge of what  
 20 was being built out there.  
 21 Q And you can't tell us approximately the  
 22 number of lines that you know were done  
 23 as a result of creating work for  
 24 contractors?  
 25 A Not without going through the work orders

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1 themselves. I mean, if I had an opportunity to go  
 2 through those work orders I could probably point  
 3 some of those out.  
 4 Q Are we talking about a lot of lines or  
 5 just a few?  
 6 A I really don't want to say one way or another the  
 7 amount. I couldn't tell you the exact. I take it  
 8 as there's several because it's always constantly  
 9 looking for work, so you know, I think there would  
 10 be quite a few out there if a person dug into that,  
 11 but now, I cannot substantiate and say that I have  
 12 looked into those particular lines.  
 13 MS. MITCHELL: I have no more questions.  
 14 MR. HOWARD: Mr. Hauser, at this point in  
 15 time do we want to go off the record and  
 16 take a break for a few moments?  
 17 MR. HAUSER: Yeah, let's do that, yeah.  
 18 (Off the record at approximately 9:25  
 19 a.m.)  
 20 (Back on the record at approximately 9:37  
 21 a.m.)  
 22 CROSS EXAMINATION BY MS. MITCHELL (Cont):  
 23 Q Going back to those lines that we talked about that  
 24 were being moved and you said sometimes they would  
 25 just be--they would just be moved just to change

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1 where they're at, where they're located. Like were  
 2 they moved to a better location for access for  
 3 repairs, do you know?  
 4 A Yes, I would agree that they would be better  
 5 access.  
 6 Q Okay.  
 7 A I think some of the questions for the line  
 8 relocations and things like that would be better  
 9 left to some of the staking engineers, but I can  
 10 answer as much as I can.  
 11 Q Was it your responsibility on when those  
 12 lines would be replaced? Was it your--  
 13 were you the supervisor over when those  
 14 lines would be replaced?  
 15 A I would think that would be the superintendent's  
 16 job.  
 17 Q But it was Mr. Hampton who would say when  
 18 those lines were changed then?  
 19 A Ted made the decisions at Cumberland Valley, no  
 20 doubt. That's always a known fact.  
 21 Q And I know I keep asking you this, but  
 22 I'm trying to get a better picture of  
 23 what really took place. When you said  
 24 they were replaced prematurely, are we  
 25 talking one year in...

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1 A Well...  
 2 Q ...of their depreciation or are they on the very  
 3 end of the depreciation?  
 4 A You know, I guess we're getting off of just moving  
 5 a line. You know, when you--you know, I would hear  
 6 some comments sometimes where they'd be building a  
 7 three phase line into nowhere not serving a three  
 8 phase load and not for balancing, but you're going  
 9 to build it out to the end of the line, and people  
 10 just asked the question why are we building this  
 11 line out here, I don't know. Things like--just  
 12 comments like that is what would get to me, you  
 13 know, just hearing that through the company. I'd  
 14 just be questioning it myself, why are we building  
 15 a three phase line out there with no load on the  
 16 circuit or, you know, was this for a balancing  
 17 reason would be my first question. We built it to  
 18 the end of the line and we built it almost to the  
 19 end of the line. So I guess just the comments I  
 20 had heard, I guess kind of got to me.  
 21 MS. MITCHELL: I have nothing further.  
 22 MR. HOWARD: Ms. Mitchell, if I may, for  
 23 a procedural question, and I'm not sure  
 24 if you can answer, I know at least under  
 25 Chairman Goss' redirect and recross has

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1 been limited to covering those areas that  
 2 were originally brought forth during  
 3 direct and cross. Do you anticipate the  
 4 same type of approach here, or are we  
 5 allowed to go into perhaps areas that  
 6 were not otherwise discovered during the  
 7 original cross and direct?  
 8 MS. MITCHELL: Well, I don't--I can't  
 9 speak for Mr. Goss except to tell you  
 10 that is his practice. If you were to  
 11 have taken these I think at the hearing  
 12 you would have been limited to what was  
 13 discussed...  
 14 MR. HOWARD: Okay, that was my  
 15 understanding according to whether or not  
 16 the few questions that I have on  
 17 redirect.  
 18 REDIRECT EXAMINATION BY MR. HOWARD:  
 19 Q Mr. Carroll, Ms. Mitchell just asked you about the  
 20 three phase, the moving of the lines and that you  
 21 just heard that through the company. From whom did  
 22 you hear that?  
 23 A I heard that, comments made from Donald Lynch.  
 24 Q Anyone else?  
 25 A Not to my knowledge. Don was our main three phase

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1 guy. He'd be the only one that would be doing  
 2 staking for three phase.  
 3 Q You also in your direct testimony were  
 4 talking about the materials for the  
 5 contractors. I want to make sure that we  
 6 exhausted that list. You talked about  
 7 chain saws, trucks and a few other  
 8 matters as well. How about gasoline, was  
 9 that included as well?  
 10 A On...?  
 11 Q For contractors, were...  
 12 A Gasoline was--is provided. I mean, I'm sure that's  
 13 in the bidding process, but I mean gasoline is on  
 14 site. The contractors fill their tanks up there as  
 15 well.  
 16 Q Okay, was that limited to the contractors  
 17 or was that...  
 18 A No, employees would use the gas.  
 19 Q Employee...  
 20 A Employee vehicles.  
 21 Q Okay, was that for business use only?  
 22 A To my knowledge, yes.  
 23 Q Okay, was it limited just to employees or  
 24 also management, or do you consider those  
 25 to be the same?

1 A That was considered as employees.  
 2 REPORTER: That was considered what?  
 3 A CVE vehicles, considered as employees. CVE  
 4 vehicles.  
 5 Q Okay. The bulldozer, we had some  
 6 discussion about the bulldozer and the  
 7 cost for the bulldozer of I think it was  
 8 sixty thousand dollars, and I just want  
 9 to make sure I understand. Was there an  
 10 additional piece of equipment that  
 11 accompanied the bulldozer?  
 12 A Seems like there was a trailer that accompanied the  
 13 bulldozer.  
 14 Q Do you recall the approximate cost of  
 15 that?  
 16 A No.  
 17 Q The bulldozer, was that operational or was that in  
 18 disrepair?  
 19 A To my knowledge it was not operational.  
 20 Q When you say to your knowledge, did you  
 21 ever see it running in your time that you  
 22 were at the company?  
 23 A No, it sat in the same position.  
 24 Q And that bulldozer was purchased, to the  
 25 best of your knowledge, when?

1 A They wanted me to either buy the equipment or  
 2 return it, so I just returned it. I had no use for  
 3 the equipment.  
 4 Q The Hunt work, the consulting enterprise  
 5 that you had on the side, if I understood  
 6 your testimony correctly you did that on  
 7 your own time?  
 8 A Yes.  
 9 Q Was the company aware of your consulting  
 10 work with Hunt?  
 11 A Yes, Ted was aware. Ted actually signed the letter  
 12 permitting me to do the consulting work for Hunt,  
 13 and I sent a copy of that letter to Hunt.  
 14 MR. HOWARD: I have no further questions  
 15 at this time  
 16 RECROSS EXAMINATION BY MR. HAUSER:  
 17 Q The documents that were introduced here today, Mr.  
 18 Carroll, where did you obtain the copy of the  
 19 check, Exhibit 3?  
 20 A There was a folder that I keep at the cooperative,  
 21 you know, just anything that I thought was not  
 22 exactly up to par I'd put things in the folder, and  
 23 Robert Tolliver as well put things in that folder.  
 24 I did not put that check in that folder, so I'm  
 25 assuming that that was something that Robert put in

1 A 2001.  
 2 Q And you left in 2004...  
 3 A Four.  
 4 Q Correct?  
 5 A Correct.  
 6 Q We had some discussion about the civil  
 7 complaint, and I understand we've got two  
 8 CVE documents today, the verified  
 9 complaint and then the order showing it  
 10 was settled. Counsel asked you about the  
 11 time between the complaint and the  
 12 settlement being roughly six months, am I  
 13 correct?  
 14 A About four.  
 15 Q Four?  
 16 A Four months, three or four months.  
 17 Q Several months?  
 18 A Right.  
 19 Q If I understand your--understood your  
 20 testimony correctly, you did not use that  
 21 equipment?  
 22 A No, did not use that equipment.  
 23 Q As a consequence of that settlement were you simply  
 24 required to return the equipment, or did you have  
 25 to pay some sort of monetary damages?

1 there.  
 2 Q And the other items you indicated you got  
 3 from the--off of the--through the  
 4 computer system at Cumberland Valley?  
 5 A Right, but those items came from the computer  
 6 system, I'm not saying I personally retrieved them  
 7 off the computer system.  
 8 Q Well, who personally retrieved them then?  
 9 A I don't recall if it was me or Robert.  
 10 Q But it's one of the two of you?  
 11 A One of the two of us that retrieved that  
 12 information.  
 13 Q And your testimony today is that you had  
 14 advised Mr. Hampton and Cumberland Valley  
 15 Electric that you were consulting with--  
 16 what's the name of the company? Hunt,  
 17 I'm sorry, excuse me, Hunt, and that they  
 18 knew you were working for them, is that  
 19 correct?  
 20 A When I done any kind of consulting with them Ted  
 21 signed a letter for me. I gave that to Hunt,  
 22 because Hunt wanted to make sure that it was not  
 23 going to be any kind of conflict in my job or  
 24 anything else and their attorneys asked me to get  
 25 that, and Ted signed a letter stating...

1 Q Do you have a copy of that? 1  
 2 A I don't have that with me, no, but I can get that 2  
 3 copy. 3  
 4 Q Is it true that when you were putting the 4  
 5 Turtle--that when the Turtles were being 5  
 6 installed for Cumberland Valley Electric 6  
 7 did you receive a commission for that? 7  
 8 A No, I actually refused commission for that one. 8  
 9 And that was stated in their documentation. Matter  
 10 of fact, that was stated in the letter, I refused  
 11 that.  
 12 Q But for the others you received a  
 13 commission?  
 14 A For someone else that I was not associated with,  
 15 yes.  
 16 Q In the years that you made between two  
 17 and three hundred thousand dollars, your  
 18 testimony today is that all that work was  
 19 done on your time and had--none of it was  
 20 done on Cumberland Valley's time, is that  
 21 correct?  
 22 A The majority of that work was done on my family's  
 23 time. They was the one performing the work  
 24 themselves.  
 25 Q But you said you received commission for?

1 A Yes, the company received commission, yes.  
 2 MR. HAUSER: That's all I have.  
 3 MS. MITCHELL: I have no more questions.  
 4 MR. HOWARD: At this time then Mr.  
 5 Carroll is finished. Thank you, Mr.  
 6 Carroll.  
 7 (Deposition adjourned at approximately  
 8 9:45 a.m.)  
 9 STATE OF KENTUCKY  
 10  
 11 COUNTY OF KNOX  
 12  
 13 I, Virginia Bunch, the undersigned Notary Public  
 14 within and for the State of Kentucky at Large, do hereby  
 15 certify that the foregoing was heard before me on the date  
 16 and for the purpose as set out in the caption thereto; that  
 17 before testifying, the witness was, by me, duly sworn; that  
 18 his testimony was taken down in shorthand and later reduced  
 19 to typewriting, and the foregoing is a true and correct  
 20 transcript of my notes; that no written request having been  
 21 received by me, the deposition was not read or subscribed to  
 22 by the witness.  
 23 Given under my hand this \_\_\_\_\_ day of January,  
 24 2006.  
 25  
 26 VIRGINIA BUNCH  
 27 NOTARY PUBLIC  
 28 STATE OF KENTUCKY AT LARGE  
 29  
 30 MY COMMISSION EXPIRES: May 30, 2008.

<p style="text-align: center;"><b>-\$-</b></p> <p><b>\$2,510.45</b> [2] 2:16 30:16  <b>\$45,000.00</b> [1] 17:12  <b>\$60,000.00</b> [1] 18:13  <b>\$9,547.00</b> [1] 29:15</p> <hr/> <p style="text-align: center;"><b>-*-</b></p> <p>'04 [3] 60:25 67:14 96:9  '96 [2] 69:20,20  '97 [1] 69:20  '99 [4] 73:17 76:19,22,24</p> <hr/> <p style="text-align: center;"><b>---</b></p> <p><b>-what</b> [1] 69:23</p> <hr/> <p style="text-align: center;"><b>-1-</b></p> <p>1 [7] 2:14,23 19:10,14  61:20 82:24,25  <b>1-800-425-3132</b> [1]  1:30  100 [2] 90:11,14  1024 [1] 1:16  103-107 [1] 2:10  107-110 [1] 2:11  110 [1] 2:12  12 [3] 73:23 74:6,7  140 [1] 3:5  15 [2] 22:17 23:2  18 [3] 73:23 74:6,8  19 [1] 1:12  1900 [1] 1:21  1995 [2] 6:22 67:7  1999 [1] 71:21</p> <hr/> <p style="text-align: center;"><b>-2-</b></p> <p>2 [7] 2:15,24 29:20,21  61:21 84:18,21  <b>2-14-2003</b> [1] 19:21  200 [1] 1:17  2000 [4] 71:22,22 76:19  76:20  2001 [7] 67:11,11,13  76:20 93:15 94:24 106:1  2004 [5] 6:25 67:8,15  83:22 106:2  2005 [3] 1:12 9:5 73:18  <b>2005-00187</b> [1] 1:5  2006 [1] 110:24  2008 [1] 110:30  206 [1] 1:11  211 [1] 1:18  247 [1] 1:27  25 [1] 56:10  26 [1] 67:11  <b>27th</b> [4] 6:25 60:25 84:2  91:14  28 [2] 23:17 56:10</p>	<p style="text-align: center;"><b>-3-</b></p> <p>3 [4] 2:16 32:9,12 107:19  <b>3-64</b> [1] 2:7  <b>30</b> [3] 23:5 50:24 110:30</p> <hr/> <p style="text-align: center;"><b>-4-</b></p> <p>4 [2] 2:17 35:7  <b>401K</b> [1] 22:18  <b>40601</b> [1] 1:19  <b>40601-8204</b> [1] 1:17  <b>40769-2633</b> [1] 1:28  <b>40977</b> [1] 3:6  <b>441</b> [2] 81:13 82:14  <b>4th</b> [1] 6:22</p> <hr/> <p style="text-align: center;"><b>-5-</b></p> <p>5 [4] 2:19 21:3 39:8 40:2</p> <hr/> <p style="text-align: center;"><b>-6-</b></p> <p>6 [3] 2:21 48:24 49:1  <b>606</b> [1] 1:29  <b>64-92</b> [1] 2:8</p> <hr/> <p style="text-align: center;"><b>-7-</b></p> <p><b>7-24-2003</b> [1] 19:21  <b>7-26-2001</b> [1] 19:22  <b>786-0505</b> [1] 1:29  <b>7:35</b> [1] 1:13</p> <hr/> <p 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ORIGINAL

RECEIVED

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JAN 3 1 2006

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY )  
ELECTRIC, INC., )

PUBLIC SERVICE  
COMMISSION  
CASE NO. 2005-00187

DEPOSITION OF WILLIAM McCUEN

\* \* \* \* \*

The deposition of WILLIAM McCUEN was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 5:05 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

\* \* \* \* \*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>WILLIAM McCUEN:</u>	
Direct examination by Mr. Cook:	3-58
Cross examination by Mr. Hauser:	58-65
Redirect examination by Mr. Howard:	65-69
Recross examination by Mr. Hauser:	69
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Service Commission.

MS. EDWARDS: Andrea Edwards with the Public Service Commission.

MR. RUSSELL: Elie Russell with the Kentucky Public Service Commission.

MR. HAUSER: For the record you know Mr. Hampton; Pat Hauser, Cumberland Valley.

Q Alright, okay. Now, as you may know, Bogey, Cumberland Valley has filed for a rate increase with the Public Service Commission, and that's what brings us here today. We're going to ask some questions about CVE's business practices, okay? Now, if I ask you a question and you don't understand it, feel free to let me know and I'll try to repeat it or rephrase it, okay? Otherwise we'll assume that you did understand it.

A Okay.

Q Okay. Now, from time to time some of the other attorneys in the room might have an objection to a question, and if that happens we're going to let them state the basis for their objection, and the court reporter will take it down, but after

1                   they're finished you can go ahead and  
2                   answer the question.  Okay?  
3    A               (Witness nodded).  
4    Q               Now, also during the course of the deposition, if  
5                   you're like me you might want to nod your head yes  
6                   or shake your head no, but the problem is that  
7                   cannot be translated into the record.  
8    A               Uh-huh.  
9    Q               So you have to say yes or no.  
10   A               Okay.  
11   Q               Like you just said uh-huh, so you have to say yes  
12                   for purposes of--for her, otherwise, she'll have to  
13                   interrupt you and say excuse me what was your  
14                   answer.  It makes it a lot easier.  Alright.  Okay,  
15                   do you realize that you're under oath today?  
16   A               Yes, sir.  
17   Q               Great, okay.  Are you taking any  
18                   medications or any other substance that  
19                   could prevent you from providing honest  
20                   and accurate answers today?  
21   A               No, sir.  
22   Q               Are you taking any medications or anything else  
23                   that could interfere with your recollection?  
24   A               No, sir.  
25   Q               Okay, alright.  Is your presence here

1                   today in response to a subpoena that was  
2                   served upon you to compel you to provide  
3                   testimony?

4       A            Yes, sir.

5       Q            Alrighty. Could you tell me about your  
6                   educational background?

7       A            I graduated from Lynn Camp High School and  
8                   vocational school in welding.

9       Q            Alrighty. And are you currently employed?

10      A            Yes, sir.

11     Q            And where at?

12     A            Cumberland Valley Electric.

13     Q            Okay. And during the course of this  
14                  deposition I'm going to refer to  
15                  Cumberland Valley as CVE, okay?

16     A            Okay.

17     Q            And what do you do there at CVE?

18     A            My title is mechanic.

19     Q            Mechanic? Okay. Now, do you also work  
20                  in the warehouse?

21     A            Yes, sir.

22     Q            Okay.

23     A            Well, that's where the mechanic's garage is. You  
24                  know, it's all one big building.

25     Q            Oh, I understand, okay. So are your

1 duties limited solely to working on  
2 vehicles or do you also...  
3 A No, sir.  
4 Q ...other things?  
5 A No, sir.  
6 Q Tell me about the other things you do.  
7 A If I need to unload material off of a truck or  
8 whatever, if the warehouse man ain't there I'll  
9 take care of it.  
10 Q Okay. Alright, I understand. Now, has  
11 anybody from the company approached you  
12 today about the answers you're going to  
13 give to our questions?  
14 A No, sir.  
15 Q Alrighty. Has anybody from the company  
16 either directly or indirectly stated that  
17 you should have amnesia or be forgetful  
18 about the material we're going to ask you  
19 about?  
20 A Well, yes.  
21 Q Okay, and who was that?  
22 A Well, the men at work. I heard Mr. Hampton  
23 jokingly with some of the men say this. Or that's  
24 what I felt it was.  
25 Q Oh, okay. Alright. So did he ever say

1                   this to you?

2    A               Well, yeah, I was in the presence with the other

3                   men, yes, sir.

4    Q               Okay. Would that statement to you prevent

5                   you from providing truthful answers to us

6                   today?

7    A               No, sir.

8    Q               Okay. Are you in fear of either losing your job or

9                   any other adverse consequences if you should

10                  provide truthful answers to us?

11   A               No, sir.

12   Q               Okay, Alright, appreciate that. How

13                  long have you worked at CVE?

14   A               I've been on the Cumberland Valley's payroll

15                  probably three years, seven or eight, nine months.

16                  I'd have to go by the records to be--August 1.

17                  Shoo, I can't remember that.

18   Q               You said three years, is that...

19   A               Three and a half.

20   Q               Three and a half, okay. And is your work

21                  for CVE full-time?

22   A               Yes, sir.

23   Q               Okay. Have you ever performed any other

24                  work for CVE in any other capacity?

25   A               Yes, I worked for them as a contractor.

1 Q Oh, okay.

2 A Mechanic.

3 Q And for about how many years did you do

4 that?

5 A Off and on fifteen, sixteen years.

6 Q So for the three years before you were a CVE

7 employee it was about a period of fifteen to

8 sixteen years that you were a contractor...

9 A Yes, sir.

10 Q ...with CVE, is that right?

11 A Uh-huh.

12 Q Okay. And basically doing the same kind

13 of work, is that correct?

14 A Yes, sir.

15 Q Okay, alright. And when you were a

16 contractor, by using that word you were

17 not really an employee?

18 A No.

19 Q Did you not receive benefits while you

20 were a contractor?

21 A No, sir.

22 Q Okay. You were an independent

23 contractor?

24 A Yes, sir.

25 Q Okay. And now that you are an employee

1                   you do receive benefits?

2    A               Yes, sir.

3    Q               Okay, I understand.  Alright, thank you.

4                   During the course of your employment with

5                   CVE have you had the opportunity to work

6                   with other CVE employees?

7    A               Yes, sir.

8    Q               Okay.  Could you tell me a few of them, the ones

9                   you work most closely with?

10   A               Well, the one I work closest with would be the

11                   warehouse man, you know.  Me and him's in the same

12                   building.

13   Q               And who is that?

14   A               Mike Baird.

15   Q               Mike Baird?

16   A               Yes, sir.

17   Q               Anybody else you can think of?

18   A               Well, sir, I work around all of them.

19   Q               Oh, okay.  Does that include Ted Hampton?

20   A               Yes, sir.

21   Q               Okay, I understand.  Now, during the

22                   course of your employment there at CVE

23                   and also during the time that you were a

24                   contractor with them, did you have any

25                   opportunity to learn of a man named Ken

1 Lay? Ken Lay?

2 A Kenneth Lay?

3 Q Yes.

4 A Yes, sir, I know Kenneth.

5 Q Okay. And how did you come to know him?

6 A He's our right-of-way contractor.

7 Q Okay, so he does right-of-way work for

8 CVE?

9 A Yes, sir.

10 Q Does he own a company?

11 A Yes, sir, I assume.

12 Q Do you know the name of the company?

13 A Lay's Tree & Brush.

14 Q Okay, okay. Now, do you know whether Ken

15 Lay at anytime was an employee of CVE?

16 A I don't know that, the answer to that.

17 Q Okay, well, that's okay. If you don't

18 know, we appreciate your speaking up and

19 letting us know. We appreciate that. Do

20 you know whether Mr. Lay is in any way

21 related to Ted Hampton?

22 A I've heard it said that he is distant cousins or

23 something. You know, other than that I don't know.

24 Q Do you know whether Mr. Lay is related in

25 any other way to any other CVE employee?

1 A Not to my knowledge.

2 Q Okay, what about any other CVE officer or board  
3 member?

4 A Well, yeah, I'd have to say yes on that I guess.

5 Q Okay, and who are you thinking of?

6 A Elbert Hampton.

7 Q Elbert Hampton, okay. Anybody else?

8 A Jay I guess.

9 Q Okay, okay. And Jay Hampton is what  
10 you're talking about?

11 A Yes. Yes, sir.

12 Q Alright. Do you have any knowledge about  
13 the billing arrangements between Mr. Lay  
14 and CVE?

15 A No, sir.

16 Q You don't work in that area, do you?

17 A No, sir, I do not.

18 Q I understand. Have you ever heard about  
19 how Mr. Lay is paid for the services he  
20 does for CVE? Is that like by the month  
21 or the job or the hour?

22 A No, sir.

23 Q You don't know? Okay. Do you know  
24 whether Mr. Lay and his company provide  
25 the equipment that they use to perform

1 the jobs for CVE?

2 A Yes, sir, the saws and stuff. To the best of my  
3 knowledge now, I really...

4 Q So they provide the, what was that again?

5 A The power saws.

6 Q Power saws, okay.

7 A You know.

8 Q And do you know whether CVE ever provides  
9 any equipment that it owns for Mr. Lay to  
10 use?

11 A Pickup trucks.

12 Q Okay, alright. Have you ever heard of a  
13 company called C&C, it's two letters C&C  
14 Automotive Center?

15 A It don't ring--no, sir.

16 Q Okay. Do you know where Ken Lay  
17 purchases all the equipment and supplies  
18 he needs?

19 A No, sir.

20 Q Does it strike you as unusual in any way  
21 that CVE provides some equipment for Mr.  
22 Lay to use?

23 A I wouldn't think so. I don't really know...

24 Q Okay, if you don't know how to answer that, that's  
25 okay, just go ahead and say. Does CVE provide

1 equipment for other contractors to use to your  
2 knowledge?  
3 A Yes, sir.  
4 Q And what other equipment to what other  
5 contractors?  
6 A Digger bucket and what we call the pole truck.  
7 Q A digger bucket and a pole truck?  
8 A Yes, sir.  
9 Q What does the pole truck do?  
10 A Carries utility poles and air compressor and the  
11 line material.  
12 Q Does it have like an auger on it too?  
13 A No, sir. Jack hammer.  
14 Q Okay, alright. And a pickup truck, is  
15 that what you said? Tell me about the  
16 other kind of equipment that they  
17 provide.  
18 A Digger derrick and a man lift bucket.  
19 Q Digger derrick?  
20 A Yeah. It's the one with the auger on it.  
21 Q Oh, okay. Alright, great.  
22 REPORTER: And what was the other one?  
23 You said something else.  
24 A A man lift, a bucket truck.  
25 Q Oh, a bucket truck, okay. And is that

1 the bucket truck, is that where the  
2 linemen go up there and work on the  
3 lines...  
4 A Yes, sir.  
5 Q ...above the ground?  
6 A Uh-huh.  
7 Q Okay, alright, thanks. And do you know  
8 who at CVE is responsible for handling  
9 business operations with their  
10 contractors?  
11 A I'd say Mr. Hampton, Ted.  
12 Q Okay, that's to the best of your  
13 knowledge?  
14 A Yeah.  
15 Q And does that also include right-of-way  
16 work with Mr. Lay's company?  
17 A Yeah, I'm assuming, him and the board I guess. I  
18 really--I'm not involved, you know, in the book  
19 side of it.  
20 Q Right, I understand you're not involved,  
21 right. Now, do you know whether Ted  
22 Hampton has ever held staff meetings with  
23 employees from time to time?  
24 A Staff meeting, what are you calling...  
25 Q Well, any employee meetings.

1 A Ah, he'll call me up and ask me some questions  
2 sometimes, you know.

3 Q Okay, but have you ever been like in a  
4 room where there's a meeting with more  
5 than one, with several or more CVE  
6 employees?

7 A Uh...

8 Q With Ted.

9 A Well, yes, sir.

10 Q Okay, alright. And do you have any idea  
11 of who would be present at those  
12 meetings?

13 A Well, most of the time for me it would be me and my  
14 boss talking to him about equipment we need or...

15 Q Okay.

16 A You know, things of this nature.

17 Q And who was your boss?

18 A Jay Hampton.

19 Q Jay. And during any of those meetings did Ted  
20 Hampton explain why he wanted to closely supervise  
21 dealings with the right-of-way contractor?

22 A No, sir.

23 Q Okay, alright. Did you ever hear Ted  
24 Hampton make any statement to the effect  
25 that the reason that he wanted to closely

1 supervise dealings with the right-of-way  
2 work was that that was his Florida money?  
3 A No, sir.  
4 Q You never did hear that?  
5 A No.  
6 Q Okay. Do you know whether anyone ever  
7 made any suggestions to Ted Hampton about  
8 ways to reduce expenditures on the right-  
9 of-way program?  
10 A No, sir.  
11 Q Okay, you don't know, alright. During  
12 the course of your work there at CVE did  
13 you ever come to know of when CVE  
14 purchased a bulldozer?  
15 A Yes, sir.  
16 Q Okay. And do you know about how much that  
17 bulldozer cost?  
18 A Honestly I can't answer that.  
19 Q Okay. Do you know from whom they  
20 purchased that bulldozer?  
21 A Yes. Yes, sir.  
22 Q Who was that?  
23 A Five-C Construction or...  
24 Q And do you know who runs that company?  
25 A Yes, sir.

1 Q And who is that?

2 A Ronnie Corey.

3 Q Alright. And do you know who Ronnie

4 Corey is?

5 A Yes, sir.

6 Q Who is he? How'd you come to know him?

7 A He used to be a contractor there, sir.

8 Q Okay, a contractor for CVE?

9 A Yes, sir.

10 Q Okay. And do you know whether Mr. Corey

11 is related to any former board members of

12 CVE?

13 A Former?

14 Q Right.

15 A Yes, sir.

16 Q Okay. So you do know, and who is that to

17 whom he's related?

18 A Harry Corey.

19 Q Harry Corey, okay. So Harry Corey was

20 the one who was the former member of the

21 CVE board, is that correct?

22 A Yes, sir.

23 Q And have you ever seen any CVE employees ever use

24 the bulldozer?

25 A Well, yes, sir.

- 1 Q Okay. And do you know whether the  
2 bulldozer was ever used by any CVE  
3 contractors?
- 4 A Yes, sir.
- 5 Q Okay, what contractors would have used  
6 it?
- 7 A Let's see. Well, Shelton Construction when we've  
8 got a bad pole or something, yes, sir, we'll take  
9 the dozer and we'll help get her set or whatever.
- 10 Q Okay. Do you know of any other contractors who  
11 used it?
- 12 A No, sir.
- 13 Q Okay. Was the dozer ever equipped to  
14 haul a bush-hog?
- 15 A It still is.
- 16 Q Still is?
- 17 A Yes, sir.
- 18 Q Okay. Does anybody ever use it to do  
19 bush-hogging?
- 20 A The company does, yes, sir, about six, seven months  
21 out of the year.
- 22 Q Okay, does Ken Lay's company do all of  
23 the bush-hogging, do all of the right-of-  
24 way work for CVE?
- 25 A Yes, sir, pretty much.

- 1 Q Okay, well, if that's the case then if  
2 anybody was using that for bush-hogging,  
3 it sounds like it would have been Ken Lay  
4 using the bulldozer, is that correct?
- 5 A Well, I--yes, sir.
- 6 Q Okay.
- 7 A Um...
- 8 Q Are you having a hard time with these  
9 questions or...
- 10 A Well, I didn't really understand. I thought you  
11 was asking me was our dozer off somewhere. It was  
12 cutting Cumberland Valley power line.
- 13 Q Right, it was--that's what I meant. It  
14 was doing work for CVE, right, but it was  
15 being used by a contractor? Is that...
- 16 A Yes.
- 17 Q ...your understanding?
- 18 A The operator.
- 19 Q Right, right. So it was clearing CVE  
20 right-of-way, is that correct?
- 21 A Yes, sir.
- 22 Q Okay, and so when it was doing that task  
23 it would have been operated by people  
24 working for Ken Lay?
- 25 A Yes, sir.

1 Q Who was working for CVE?  
2 A Yes, sir.  
3 Q Okay, alright, that's all I wanted to  
4 know. Now, do you have any idea, any  
5 knowledge about billing arrangements on  
6 the occasions that contractors would use  
7 the bulldozers?  
8 A No, sir.  
9 Q Okay, alright. Do you know who the accountant for  
10 Five-C Construction was?  
11 A I'm--Vicky, I believe.  
12 Q Vicky, do you know her last name?  
13 A Bryant.  
14 Q Bryant. Would she be related in any way  
15 to Wayne Bryant?  
16 A Yes, sir.  
17 Q In what way were they related?  
18 A I'm assuming they're married.  
19 Q Oh, okay, alright. And where did Wayne  
20 Bryant work?  
21 A He worked for Cumberland Valley Electric.  
22 Q And what did he do?  
23 A I'm--shoo. In accounting.  
24 Q Okay, in accounting. Alright. Do you know whether  
25 Wayne Bryant also handled any of the details

1                   regarding CVE contributions to Ted Hampton's  
2                   retirement fund?

3    A               No, sir.

4    Q               You don't know, okay. Are you familiar  
5                   with a man named John Rex Hampton?

6    A               Yes, sir.

7    Q               Is he related in any way to Ted Hampton?

8    A               Yes, sir.

9    Q               In what way?

10   A               It's his brother.

11   Q               His brother, okay. Do you know whether  
12                   John Rex Hampton has at anytime worked  
13                   for CVE?

14   A               He helped us in a bad ice storm once.

15   Q               Okay, alright. Was he doing line work?

16   A               Yeah. Yes, sir, helping me pull trucks out of the  
17                   ditch and things of this nature.

18   Q               Oh, okay. Has John Rex Hampton ever  
19                   worked on any CVE vehicles?

20   A               Well, yeah, he's helped me.

21   Q               He's helped you, okay.

22   A               Well, I said he helped me. If I run into a  
23                   problem, you know, yes, I'll call and ask him his  
24                   advice and stuff, sir.

25   Q               I didn't understand you.

1 A I said I'll call and ask him for his advice and  
2 stuff.  
3 Q For his advice and stuff?  
4 A Yes, sir.  
5 Q Okay, alright. So is he a mechanic also?  
6 A Yes, sir, a good one.  
7 Q A good one, okay. So from time to time  
8 he has worked on CVE vehicles to help  
9 you?  
10 A Uh-huh, yes, sir.  
11 Q Okay. And do you know whether John Rex  
12 Hampton was reimbursed for his work on  
13 CVE vehicles?  
14 A Not to my knowledge.  
15 Q Okay. And do you know why he had to help you?  
16 A Why?  
17 Q Yeah. Because you were a full-time mechanic,  
18 right, for CVE?  
19 A Well, I--yes. Why he would help me?  
20 Q Yeah.  
21 A He's my friend.  
22 Q Okay. How long have you known him?  
23 A Probably 25, 26 years.  
24 Q Well, okay, that's great. So to your  
25 knowledge John Rex Hampton was reimbursed

1 for his work on CVE vehicles?  
2 A Now say that again, sir.  
3 Q To your knowledge was John Rex Hampton  
4 reimbursed, paid for his work when he did  
5 work on CVE vehicles?  
6 A When he helped me?  
7 Q Yeah.  
8 A Not to my knowledge.  
9 Q Okay. So he did it for free?  
10 A Yeah, when I asked him advice and stuff, yes, sir.  
11 Q So he'd come down there and actually help  
12 you on the vehicles and he'd do it for  
13 free?  
14 A He'd come by and I'd ask him questions and, yes,  
15 sir, he'd...  
16 Q Okay. Does Karen Hampton work at CVE?  
17 A Yes, sir.  
18 Q In what capacity?  
19 A In the front office. I don't particularly know  
20 what her title is.  
21 Q Do you know whether she issues any  
22 checks?  
23 A What do you mean, issue?  
24 Q Does she ever issue paychecks or checks to vendors  
25 or both? Does she ever write the checks?

1 A Well, I'd say she probably helps some of the women-  
2 -I don't--they do that in the computer I guess.  
3 Q Okay. So you yourself don't have any  
4 direct knowledge of that, is that  
5 correct?  
6 A I've not seen her writing, no, sir.  
7 Q Have you ever seen her handing checks  
8 out?  
9 A Why, yes, sir, she brings our payroll down  
10 sometimes.  
11 Q Payroll checks?  
12 A Yeah.  
13 Q Okay, okay. Have you ever heard of a  
14 company called SECC?  
15 A Say it...  
16 Q The letters, four letters, SECC. You haven't heard  
17 of them?  
18 A No, sir, not that I...  
19 Q Okay, alright. Have you ever heard of a  
20 company called Southeast Petroleum?  
21 A Yes, sir.  
22 Q How did you hear about that?  
23 A They used to deliver some gas to the--and fuel to  
24 the shop. It's been so long back, I believe they  
25 did, yes, sir.

- 1 Q Okay. Do you know for about how long  
2 that business relationship lasted?
- 3 A Shoo. No, sir.
- 4 Q Was it a period of several years?
- 5 A Not to my knowledge.
- 6 Q So it wasn't as long as several years,  
7 could it have been as long as one year?
- 8 A Possible.
- 9 Q Could it have been as long as two years?
- 10 A Sir, I don't know how to answer this. I can't  
11 remember.
- 12 Q Okay, if you can't remember that's okay,  
13 I understand. Have you ever heard of a  
14 company called Southeast Petro Mart?
- 15 A No, sir.
- 16 Q Okay. Have you ever heard of a company  
17 called Southeast Transport?
- 18 A Yes, sir.
- 19 Q How did you hear about them?
- 20 A It's a trucking company.
- 21 Q Do you know who owns that?
- 22 A Yes, sir.
- 23 Q Who?
- 24 A Or did. John Rex Hampton.
- 25 Q Okay. Did you know that in the Attorney General's

1 discovery request the company said that Ted Hampton  
2 owned Southeast Transport?  
3 A No, sir.  
4 Q Okay, alright. So is it your  
5 understanding that John Rex Hampton was  
6 also involved with Southeast Transport?  
7 A Yes, sir.  
8 Q Okay. How did you come to know that?  
9 A Well, I...  
10 Q Did John Rex Hampton drive some of the trucks? I  
11 mean, he was your friend, right?  
12 A Yeah, yeah.  
13 Q So you'd see him there, did he drive the trucks  
14 onto the property?  
15 A Yes, sir, he's parked them there.  
16 Q Okay, alright. Did he work on the trucks  
17 there at Cumberland Valley?  
18 A Occasionally, yes, sir, we would.  
19 Q Okay. And did you also work on those  
20 from time to time?  
21 A If he asked my help, yes, sir.  
22 Q And when you all worked on those did you  
23 use CVE equipment, tools?  
24 A Not at that time, no, sir.  
25 Q Okay.

- 1 A It belonged to me.
- 2 Q Oh, okay. So at the time that this
- 3 occurred, was this when you were a
- 4 contractor?
- 5 A Yes, sir.
- 6 Q Okay, and you had your own tools?
- 7 A Yes, sir.
- 8 Q Okay, so did Cumberland Valley at that
- 9 time not have of its own tools at all?
- 10 A Well, yeah, they had tools, but mine was mine, sir.
- 11 Q Okay, and you used your own tools?
- 12 A Yes, sir.
- 13 Q Alright. And about how frequently did
- 14 John Rex park the Southeast Transport
- 15 trucks there? Was it like every day or
- 16 every week?
- 17 A No, no, no.
- 18 Q Once a month or...
- 19 A Maybe once a month if his drivers wanted to be off,
- 20 they'd just--I've let them park them behind the
- 21 fence so they wouldn't...
- 22 Q Do you have any rough idea about how many trucks
- 23 they had?
- 24 A Maybe two. It's not a definite.
- 25 Q Do you have any idea of what they hauled?

- 1 A Some kind of floor joists.
- 2 Q Oh, okay, floor joists? Okay. For use  
3 in the construction trade?
- 4 A I'm assuming.
- 5 Q Did you ever see them park there at CVE  
6 when they were carrying cargo?
- 7 A Yes, sir.
- 8 Q Okay, alright. Do you know whether  
9 Southeast Transport trucks ever used any  
10 of CVE's fuel?
- 11 A Not to my knowledge.
- 12 Q Okay, alright. Did any other CVE  
13 employees ever work on Southeast  
14 Transport trucks? You said you did and--  
15 you said you did when you were a  
16 contractor. Did you also work on them  
17 when you were an employee?
- 18 A No, not since I've been employed, sir.
- 19 Q Okay. What about any other CVE  
20 employees?
- 21 A No, sir.
- 22 Q Alright. How many drivers were there  
23 working for Southeast Transport?
- 24 A I have no idea.
- 25 Q Do you know how they were paid?

1 A I have no idea, sir.

2 Q Did you ever see them go into the CVE  
3 headquarters there?

4 A No, sir.

5 Q You never did see the truck drivers go in  
6 there?

7 A (Witness shook head no).

8 Q Okay. Did you know any of the Southeast  
9 Transport employees?

10 A Well, yes, sir.

11 Q Who were they besides John Rex?

12 A Well, I'm trying to think. I was trying to think.  
13 Over the years, you know, I've--let's see, I think  
14 my brother-in-law even drove for him several years  
15 ago some.

16 Q Okay, what was his name?

17 A David Terrell.

18 Q How do you spell that last name? If you don't know  
19 that's okay.

20 A I'd have to ask my wife.

21 Q Terrell, is that right?

22 A Terrell, Tirrell.

23 Q Something like that, okay, I understand.  
24 So there was--you said there was a couple  
25 of trucks, so were there just two drivers

1 or more? Did they ever drive in tandem?  
2 Were there ever like two drivers in the  
3 tractor part when they went on long  
4 hauls?  
5 A Not to my knowledge. I really don't know.  
6 Q Okay, alright. Are you aware of an  
7 incident that occurred in which John Rex  
8 Hampton's foot was injured or leg was  
9 injured when someone else operating a  
10 Southeast truck ran over his leg?  
11 A Yes, sir.  
12 Q And did that occur when a Southeast truck  
13 was parked on CVE property?  
14 A Yes, sir.  
15 Q Do you know of any photographs or video  
16 tapes that might depict anybody working  
17 on Southeast trucks?  
18 A No, sir.  
19 Q Okay. Do you know who performed the bookkeeping  
20 operations for Southeast Transport?  
21 A No, sir.  
22 Q Do you know whether anybody who worked  
23 for CVE also did any work for Southeast  
24 Transport? Did Karen Hampton?  
25 A Well...

1 Q She was John Rex's wife, right? She still is?  
2 A Yeah.  
3 Q Okay.  
4 A Well, I really don't know--I don't know.  
5 Q Okay. Alright. And I'm not sure I asked  
6 you this. Do you know whether Southeast  
7 Transport ever did any business with CVE?  
8 A Not to my knowledge, you know.  
9 Q To the best of your knowledge did CVE  
10 ever make any payments to Southeast  
11 Transport for any reason at all?  
12 A No, sir, not to my knowledge.  
13 Q Do you know where any records regarding  
14 Southeast Transport were stored?  
15 A What--I don't know what you're asking me there.  
16 Q Okay, any records about either the business or the  
17 maintenance on the trucks.  
18 A No, sir.  
19 Q You don't know where those are kept?  
20 A No, sir.  
21 Q Do you have any knowledge of any entity  
22 called Knox Auto Parts?  
23 A Yes, sir.  
24 Q Okay, have you yourself done any business  
25 with them?

1 A Yes, sir.

2 Q Do you know whether CVE did any business  
3 with them?

4 A Yes, sir.

5 Q Did they?

6 A Yes.

7 Q Oh, okay, because when I said that...

8 A I said yes.

9 Q Yeah. I just wanted to make sure because  
10 sometimes that could be understood in one  
11 of two ways, and that's why I want to  
12 make sure that I eliminate the ambiguity  
13 in that. Okay, that's the only reason  
14 I'm asking that question. So CVE did do  
15 business with Knox Auto Parts?

16 A Yes, through me.

17 Q Oh, through you?

18 A Yes.

19 Q Okay, so were you like the point person  
20 for...

21 A No.

22 Q ...doing any work with Knox Auto?

23 A If I needed a part or something for a piece of our  
24 equipment, if Knox has got it I'll go get it, if  
25 whoever's got it, you know, I do business with

- 1                   everybody.
- 2    Q               Oh, okay, I gotcha, okay. So Knox Auto
- 3                   Parts provided equipment and materials
- 4                   that you used to work on vehicles, is
- 5                   that right?
- 6    A               Yes, sir.
- 7    Q               Do you know whether they provided any
- 8                   other equipment? You know, like anything
- 9                   that's not related to motor vehicles,
- 10                  like for instance, rags?
- 11   A               Why, yes, sir.
- 12   Q               Okay. Were a lot of rags purchased
- 13                  through Knox Auto Parts?
- 14   A               I don't know what you'd call a lot, sir.
- 15   Q               Okay.
- 16   A               On account of, you know, we'll go through four or
- 17                  five boxes a week sometimes.
- 18   Q               Alright. And do you know who ran the
- 19                  operations of Knox Auto Parts?
- 20   A               When?
- 21   Q               During anytime you were either contractor or
- 22                  employee?
- 23   A               The best of my knowledge Eddie Frasier and Charlie
- 24                  Frasier owns it now.
- 25   Q               Okay, they own it now?

- 1 A Uh-huh.
- 2 Q Did Elbert Hampton ever--was he ever  
3 involved, did he own it or did he run the  
4 operations?
- 5 A No, I...
- 6 Q What about Steve Hampton?
- 7 A Yes, sir, him and his wife at one time owned it I  
8 reckon.
- 9 Q Okay, alright. And does Steve Hampton  
10 now work for CVE?
- 11 A Yes, sir.
- 12 Q What does he do for CVE?
- 13 A He's a serviceman.
- 14 Q Okay, alright. Do you have any knowledge  
15 regarding about how much business in  
16 rough dollar figures was transacted  
17 between Knox and CVE?
- 18 A No, sir.
- 19 Q You have no idea? Now, with regard to  
20 the products Knox Auto Parts provided to  
21 CVE, do you know whether there was a  
22 bidding process?
- 23 A No, sir, I didn't take bids. If I needed a part  
24 I'd get it and fix my equipment.
- 25 Q Okay. Were there any large pieces of equipment

1 that were ever purchased through Knox, like  
2 anything over a thousand dollars?

3 A I can't--I wouldn't think so, you know, to my  
4 memory right now.

5 Q Okay, I understand. To the best of your knowledge  
6 you can't recollect anything that high ever being  
7 purchased there?

8 A No. No, sir.

9 Q Let me ask you, to the best of your knowledge would  
10 it have been possible that other people at CVE  
11 could have been buying materials through CVE--  
12 through Knox Auto Parts, excuse me, besides stuff  
13 dealing with motor vehicles?

14 A I wouldn't think so. Now--well, occasionally, you  
15 know, the line crews, I myself have brought, you  
16 know, like conduit and wires for metering  
17 equipments. They do electrical supplies too.

18 Q Okay, alright. We talked about Steve  
19 Hampton and what is his relationship with  
20 Ted Hampton? Well, who is Steve's  
21 father?

22 A Elbert.

23 Q Elbert, okay. So Elbert is the brother  
24 of Ted, so Steve would be his nephew, is  
25 that right?

- 1 A His nephew, yes, he would.
- 2 Q Alright. Do you know for how long the  
3 business relationship lasted between  
4 Knox Auto Parts and CVE? Was it ongoing  
5 as long as you were there?
- 6 A Yes, sir, I still do business with them.
- 7 Q Okay, alright. Now, when Steve Hampton  
8 worked there did he go through a divorce?
- 9 A Yes, sir, I believe so.
- 10 Q And do you know whether the business was  
11 sold at that time? I'm talking about  
12 Knox Auto Parts.
- 13 A I'm assuming it was.
- 14 Q Okay, because you mentioned that currently it's  
15 owned by someone else and...
- 16 A Yeah.
- 17 Q ...not by Steve Hampton, so.
- 18 A Uh-huh.
- 19 Q So at some point it was sold for some  
20 reason, right?
- 21 A Yes, sir.
- 22 Q So you don't know whether the cause for that sale  
23 was a divorce that Steve had with his then wife?
- 24 MR. HAUSER: Objection to the relevancy.
- 25 A I really don't know.

1 MR. HOWARD: Our response is it goes to  
2 the prudence of spending, which we'll  
3 take up with Chairman Goss.

4 Q Do you have any knowledge of where CVE's  
5 records regarding its transactions with  
6 Knox would be kept, where they're stored?

7 A I guess in the vault or the--I don't know, in the  
8 computers, I really don't know.

9 Q Okay, alright. Other people have told us  
10 today that records are stored in one of  
11 three places, either in the vault or in  
12 the warehouse, or is there also a  
13 basement to the warehouse?

14 A Not a basement to the warehouse, no, sir, they's  
15 not.

16 Q Is there some building there that has a  
17 basement?

18 A Yes, the engineering building.

19 Q The engineering building. Are records  
20 stored there also?

21 A Yes, sir, they's a lot of stuff. I'm assuming  
22 records and--and now we've--yes, and I guess in the  
23 upper building they's some records and stuff  
24 stored, sir.

25 Q Were any records recently removed from

- 1 any one of those three storage areas?
- 2 A What do you mean removed?
- 3 Q Moved from where they were kept to someplace else?
- 4 A I assume they probably was on account of questions  
5 that was being asked or something.
- 6 Q Do you know what was done with those?
- 7 You say you assume. Do you base that  
8 assumption on any facts that you know of  
9 personally?
- 10 A Yeah, I--I guess, yeah--I don't know what I'm  
11 saying. You--yes, I've helped carry records out  
12 for people to get stuff out when this started, and  
13 yes, I helped put them back in the basement.
- 14 Q Okay, and do you know what was done with  
15 those records? I mean, once you moved  
16 them initially from that place, do you  
17 know where you brought them to?
- 18 A Yes, sir, a heated room.
- 19 Q A heated room?
- 20 A Yes, sir.
- 21 Q What do you mean by a heated room?
- 22 A Where it was heated.
- 23 Q Oh, so the records were initially there  
24 where it was not heated?
- 25 A No, it's not heated in the basement.

- 1 Q Okay, alright. And do you know why they were  
2 brought to a heated room?
- 3 A Yes, sir, to find stuff that they was questions  
4 asked about I'm assuming.
- 5 Q Okay, alright. And after you brought  
6 those records to the heated room, then  
7 what happened to those records?
- 8 A When they was through with them I carried them back  
9 in.
- 10 Q Okay, carried them back in where?
- 11 A To the basement.
- 12 Q Okay. So to the best of your knowledge  
13 that's where the records are now?
- 14 A Yes, sir.
- 15 Q Okay. Do you know whether during the  
16 course of this filing for the rate  
17 increase, whether any records were  
18 destroyed, were they burned, were they  
19 taken somewhere else and removed that no  
20 one knows about?
- 21 A No, sir, not to my knowledge.
- 22 Q Not to your knowledge?
- 23 A No, sir.
- 24 Q Alright, thank you. We talked earlier  
25 about Elbert Hampton and you said that

1 he's Ted's brother, and is Elbert now on  
2 the board of directors of CVE?  
3 A Yes, sir, I've been told he is.  
4 Q Okay. And do you know about when that  
5 occurred?  
6 A Not a definite date, I don't know.  
7 Q Okay, alright. Do you have any idea why Elbert was  
8 put on the board of directors?  
9 A No, sir.  
10 Q Okay, alright. I may have asked this  
11 question before, and I apologize if I  
12 did, but do you know whether Elbert  
13 played any role in Knox Auto Parts?  
14 A No, sir.  
15 Q You don't know?  
16 A (Witness shook head no).  
17 Q Alright. Do you know whether Elbert was ever  
18 involved in any other businesses? You don't know?  
19 A No, sir.  
20 Q Okay, you were shaking your head so...  
21 A I don't know, I'm trying to think, you know.  
22 Q I understand, I understand. I appreciate  
23 your cooperation with us. I think you  
24 said earlier that Elbert was an employee  
25 of CVE, is my understanding correct, at

1                   one time?

2    A               Yes, sir.

3    Q               Okay. And what did he do as an employee

4                   of CVE?

5    A               He was superintendent.

6    Q               Okay. Was a superintendent, was that

7                   like over all the operations, over one

8                   area, over...

9    A               To the best of my knowledge outside operations.

10   Q               Okay, alright. Do you have any knowledge

11                   of Elbert receiving payments from CVE for

12                   construction work he'd performed?

13   A               No, sir.

14   Q               Have you ever witnessed or otherwise

15                   learned of Elbert Hampton filling his

16                   personal vehicle with CVE gasoline?

17   A               Filling? No, sir.

18   Q               Did you ever witness him using any gas at

19                   all for any reason?

20   A               Yes, sir, his truck was out of gas once and he got,

21                   I don't know, three or four gallon or something, to

22                   get on to the station.

23   Q               Alright. Have you ever seen Elbert

24                   coming from the CVE warehouse carrying

25                   materials from the warehouse and putting

1                   them into his personal vehicle?

2    A               Rusty bolts or something, you know, nothing--not...

3    Q               So do you have any idea at all of what

4                   the materials were, or you're just--

5                   you're just guessing?

6    A               I really don't know, you know. I've not stood

7                   there or--I don't know.

8    Q               Okay, so the answer to the question when

9                   I asked you whether Elbert Hampton--

10                  whether you ever saw Elbert leaving the

11                  warehouse with any materials is that you

12                  just don't know, is that correct?

13   A               Well, I've--you know, I've seen him I guess get

14                  some old bolts or something to build a barn with or

15                  something, but...

16   Q               Okay, just the only thing you saw him

17                  carrying was some old bolts?

18   A               Well, sir, like I said, I didn't go out there

19                  and...

20   Q               Okay, I understand. I just wanted to

21                  know if you ever observed this. That's

22                  the only thing I'm asking. Okay. Have

23                  you ever heard of a company called Hubbs

24                  Creek?

25   A               I know of a company in Hubbs Creek.

- 1 Q Okay. Have you heard of a company, well it has the  
2 Hubbs Creek in its name, that does any mechanical  
3 work for CVE?
- 4 A Yes, sir.
- 5 Q Okay, what is that company? Do you know  
6 the name of that company?
- 7 A Hubbs Creek--I don't...
- 8 Q Is it like automotive or something like  
9 that?
- 10 A They're a heavy equipment repair place and diesel  
11 engine repair, yes, sir, I know of them.
- 12 Q Okay, alright. Do you know whether Steve  
13 Hampton's in-laws operate that company or  
14 have any role in it?
- 15 A No, sir, not to my knowledge.
- 16 Q Okay, alright. Does the name Terry McCreary mean  
17 anything to you?
- 18 A Yes, sir.
- 19 Q How so?
- 20 A He's, I call him the head mechanic. I guess he  
21 owns the company, sir.
- 22 Q Oh, okay. Down there at Hubbs Creek?
- 23 A Yes, sir.
- 24 Q Okay, alright. Have you ever done work  
25 on diesel engines too?

1 A Some, yes, sir, some.

2 Q Okay, and does John Rex Hampton, does he  
3 work on diesels too?

4 A Yes, sir.

5 Q Okay. Have you ever heard of a company  
6 called Air Gas?

7 A Yes, sir.

8 Q Do they supply CVE with acetylene?

9 A Yes, sir.

10 Q Okay. Do you have any knowledge of how  
11 and when shipments are made?

12 A When I need a tank of oxygen I'll go get it.

13 Q Okay. And about how long has CVE does  
14 business with Air Gas?

15 A Well, let's see. Up to when I quit contracting and  
16 went to work for the company I done business with  
17 them.

18 Q Oh, okay. So when you were  
19 contracting...

20 A Yes, sir.

21 Q ...you would make the orders?

22 A For myself, yes, sir.

23 Q Right. And do you know anything about  
24 how the orders were shipped? Did some of  
25 the orders go there to CVE and did part

1 of the order go to Elbert Hampton's home?  
2 A Not to my knowledge.  
3 Q Okay. So to your knowledge none of the  
4 acetylene and oxygen tanks go to Elbert's  
5 garage?  
6 A They was one instant, yes, sir.  
7 Q Okay, there was one incident, and you  
8 have personal knowledge of this?  
9 A Well, it was just a mistake where we do business,  
10 the Air Gas Company.  
11 Q Okay.  
12 A And we caught it and I went and corrected it.  
13 Q How did you correct it?  
14 A It was just a tank rent, sir.  
15 Q So how did you go about correcting that?  
16 A I just told them they'd made a mistake.  
17 Q Okay. And did they go to Elbert's home  
18 and pick up the tank from there?  
19 A No, I just mentioned it to him and he returned it.  
20 Q Him meaning Elbert?  
21 A Yes, sir.  
22 Q So Elbert returned it, okay. What kind  
23 of business does Elbert do where he uses  
24 acetylene and oxygen? Is it for welding  
25 I assume?

- 1 A Yeah, he farms.
- 2 Q Okay, he's a farmer? Does he, does  
3 Elbert own trucks such as a lift truck  
4 and any other specialized trucks?
- 5 A Yes, sir, I believe he does.
- 6 Q What kind of trucks to your knowledge are  
7 they?
- 8 A A bucket truck.
- 9 Q Okay, alright. And do you know what kind  
10 of work he does with a bucket truck?
- 11 A Honestly I've never seen him working, I don't know.
- 12 Q Okay. Is there any other truck besides  
13 the bucket truck that he owns?
- 14 A I'm sure he owns other trucks and stuff. I believe  
15 he does have a old digger derrick.
- 16 Q And the digger derrick, again, is that  
17 like with the big auger?
- 18 A Yeah.
- 19 Q Okay, so you use that to lay poles? Is  
20 that right?
- 21 A Yeah, I...
- 22 Q Okay. And you've never seen him using those  
23 trucks?
- 24 A No, sir.
- 25 Q Okay. And do you know the name of

1 Elbert's business?

2 A No, sir.

3 Q That he does this under?

4 A No, sir.

5 Q Okay. Do you have any knowledge of any  
6 work that CVE did that was unnecessary?

7 A No, sir.

8 Q Okay. Do you have any knowledge of--  
9 first of all, do you know that CVE  
10 receives part of its funding from RUS  
11 loans? Do you have any knowledge of  
12 that?

13 A No, sir.

14 Q Okay.

15 A I--no, I may have heard somebody over years past or  
16 something...

17 Q I understand.

18 A ...mention that, but no, I don't know nothing about  
19 that.

20 Q Okay, alright. And do you have any knowledge about  
21 how the proceeds of those loans are spent?

22 A No, sir.

23 Q Okay, alright. Do you have any knowledge  
24 about a power line that was run to a  
25 cabin off of Red Bird Road?

1 A No, sir.

2 Q Okay, alright. Does the name J. B.  
3 Johnson mean anything to you?

4 A Yes, sir.

5 Q Okay. Do you know the gentleman?

6 A Yeah, I believe he's a federal judge.

7 Q Okay, and do you know whether he has ever  
8 done any work for CVE?

9 A Right now I don't know.

10 Q Okay, well, if you don't know...

11 A I just...

12 A ...that's alright, that's alright. And have you  
13 ever heard of a man named Bill Nighbert?

14 A Say that again, sir.

15 Q Bill Nighbert?

16 A No, sir.

17 Q Okay, alright. Do you know anything  
18 about the laying of an underground power  
19 line to the Whitley County School System?

20 A Uh...

21 Q If you don't know...

22 A I'm sure--I'm sure we got underground power lines  
23 to the school.

24 Q Right, I'm just asking you whether you  
25 know anything about the laying of that

1 underground...

2 A No, sir.

3 Q So if you don't know it's okay, you can  
4 just say so, it's alright. And in the  
5 course of your employment with CVE and in  
6 the course of the time when you were an  
7 independent contractor with CVE, did you  
8 ever learn of any power lines being laid  
9 which were not necessary?

10 A Sir, I wouldn't know if they was necessary or not  
11 necessary.

12 Q Okay. So the answer is no, you  
13 haven't...

14 A No.

15 Q I understand. Have you ever attended a  
16 CVE annual meeting?

17 A Yes, sir.

18 Q Okay. Have you attended more than one,  
19 on many occasions, or about how many?

20 A Well, ever since I went to work for the company,  
21 I've went to three probably.

22 Q Okay.

23 A And I may have went to two or three or four or  
24 something, I don't know. Over 20 years it's hard  
25 to remember everything.

1 Q Okay, I understand, alright. Now, when  
2 you were there in the meetings what  
3 exactly did you do? Were you working in  
4 that meeting or what?  
5 A No, just there for the--well, now, as a company  
6 employee, yes, we do things.  
7 Q Sure, sure.  
8 A You know, help get the entertainment.  
9 Q Right.  
10 A You know, and drinks for ladies and things.  
11 Q Sure, absolutely, okay. And were you  
12 present when the board of directors was  
13 elected at the annual meetings?  
14 A Yes, sir, I'm sure I was on the premises.  
15 Q Okay, did you hear anybody make any announcements  
16 that it's time for the--to vote on the board of  
17 directors?  
18 A I've heard that, yes, sir.  
19 Q Okay, and were any ballot boxes provided  
20 for the CVE members to place any votes?  
21 A Yeah, they's boxes there, I guess, you know.  
22 Q You guess there were or...  
23 A Well, they was boxes there and people dropping...  
24 Q Okay, alright, I just wanted to make sure  
25 whether you knew--whether you had direct

1 knowledge, okay. Do you have any  
2 knowledge about how members of the board  
3 of directors are nominated?  
4 A No, sir, not...  
5 Q Okay. Do you have any knowledge about  
6 the keeping of corporate minutes for the  
7 company?  
8 A No, sir.  
9 Q Okay. Do you have any knowledge about a  
10 truck 61? Does that ring any bells at  
11 all?  
12 A I'm sure I've--we've had a 61 in time.  
13 Q A boom truck? This was one where it may  
14 have been involved in an accident and  
15 then it was sold to somebody, placed out  
16 for a bid, does that ring a bell at all?  
17 A Well, now, sir, over the years we've had several  
18 wrecked.  
19 Q Okay. And then this one that was  
20 wrecked, was there an engine installed  
21 just prior to the accident, new engine?  
22 And then the accident happens and then it  
23 was fixed and then sold?  
24 A I'd have to have more details or something than  
25 this.

1 Q Okay.

2 A I'm sort of...

3 Q Okay. Did you ever work on any trucks  
4 that were involved in accidents?

5 A Yes, sir.

6 Q Okay. And were any of those boom trucks?

7 A Why, yes sir.

8 Q Okay, alright. And were you aware, did  
9 you ever work on any trucks that later on  
10 were sold?

11 A Yes, sir, we sell trucks, you know, when we're done  
12 with them, yes, sir, we sell them.

13 Q Right, okay. Have you ever seen any  
14 truck on CVE's property where it was sold  
15 to somebody else and after it was sold it  
16 came back onto CVE's property?

17 A Yes, sir, I see people drive them in there and by  
18 there all the time.

19 Q Okay, so this happens pretty often, is  
20 that what my understanding?

21 A Well, old trucks that we sold, yeah, the  
22 communities drive them.

23 Q Okay, alright, okay. Do you have any  
24 knowledge about the company adding money  
25 to work projects?

1 A No, sir.

2 Q Okay, alright. Now, in the course of our  
3 conversation here today we've mentioned  
4 several family members of Ted's who work  
5 for CVE, and we mentioned Karen and Steve  
6 and Elbert. Are there any other--I think  
7 you also mentioned Jay, and he's your  
8 boss, is that right?

9 A Yes, sir.

10 Q Are there any other relatives of Ted  
11 Hampton's who work for the company?

12 A I'm just trying to remember what you just said to  
13 me. Will you give me...

14 Q Steve and Elbert and Karen and Jay.

15 A Yes, sir, they work there. Or Elbert doesn't no  
16 more, he's retired and on the board.

17 Q Elbert? Okay. Any other family members  
18 you can think of?

19 A Not to my knowledge right now.

20 Q Okay, alright. During the course of your  
21 work with CVE, either as an employee or a  
22 contractor, did anybody ever ask you  
23 anything that you questioned or gave you  
24 cause for concern in any way?

25 A I really don't know what you're asking me there.

- 1 Q Okay. When you were working for CVE...
- 2 A Yes, sir.
- 3 Q ...either as an independent contractor or either as
- 4 an employee.
- 5 A Okay.
- 6 Q Did anybody ever ask you anything that--ask you to
- 7 do anything that gave you any cause for concern?
- 8 A No, sir.
- 9 Q Okay, alright. Did anybody ever ask you
- 10 to do anything that you questioned?
- 11 A No, sir.
- 12 Q Okay. Have you ever referred to CVE--
- 13 have you ever heard of CVE being referred
- 14 to as Hampton Valley?
- 15 A Yes, sir, I've heard some of the employees say that
- 16 they've heard that.
- 17 Q Okay. Is there any other concern that
- 18 you wanted to bring to our attention
- 19 while we're here?
- 20 A No, sir.
- 21 Q Okay, alright. Just one moment. I want to follow
- 22 up on one question. I asked you this previously
- 23 about did you ever work or service--work on or
- 24 service any Southeast Transportation trucks?
- 25 A Yes, sir.

- 1 Q Okay.
- 2 A Helped do it.
- 3 Q And did you do that when you were a  
4 contractor?
- 5 A Yes, sir.
- 6 Q Okay. And did you do that while you were  
7 on CVE time?
- 8 A No, sir.
- 9 Q Okay. You did not do that while you were  
10 on CVE time?
- 11 A No, sir.
- 12 Q Okay. We talked earlier about Hubbs  
13 Creek.
- 14 A Yes, sir.
- 15 Q Have they repaired CVE trucks?
- 16 A Yes, sir. And did a good job at it.
- 17 Q Okay, alright. Did you work on a  
18 bulldozer?
- 19 A Yes, sir.
- 20 Q Okay, what kind of work did you do?
- 21 A I did mechanicking, welding.
- 22 Q Okay. What kind of welding work did you  
23 do, was it to repair something or to add  
24 equipment or...
- 25 A Just repair, sir. When you run a bush-hog on a

- 1 bulldozer you've got some repairs.
- 2 Q Okay, alright. I understand. When the
- 3 company first obtained the bulldozer did
- 4 you have to do any work to get it up and
- 5 running?
- 6 A Yes, sir.
- 7 Q What kind of work did you have to do?
- 8 A Well, first of all just P.M.ing the machine.
- 9 Q Say that again.
- 10 A P.M. the machine.
- 11 Q What does that mean?
- 12 A It means preventative maintenance.
- 13 Q Oh, preventive maintenance, okay,
- 14 alright.
- 15 A Change the oil filters, clean it, and when I was
- 16 steam cleaning it I blew the corner of the
- 17 radiator out of it, and I had to replace it.
- 18 Q Okay.
- 19 A And done a little light welding on the three point
- 20 hitch, nothing major.
- 21 Q Okay. When you were steam cleaning it,
- 22 part of the radiator came off, was
- 23 that...
- 24 A Yes, sir.
- 25 Q ...due to rust? Was it rusty or...

1 A Well, it's just contamination. It had probably  
2 been, you know, the fan blowing it through there.

3 Q Okay. On a dozer is there any record of  
4 mileage or anything like that...

5 A Hour meter, yes.

6 Q ...or hours of use?

7 REPORTER: I'm sorry, what?

8 A Hour meter.

9 Q Hour meter? Do you have any recollection  
10 of how many hours it had been used by the  
11 time CVE acquired it?

12 A No, sir, not right off the top of my head, I can't  
13 remember that.

14 Q I understand. Do you know whether there  
15 is any record at CVE about that?

16 A I'm--yes, sir, I would think there would be.

17 MR. COOK: Okay, alright. That's all the  
18 questions I have at this time. I think  
19 some of the other attorneys might have  
20 some questions for you.

21 CROSS EXAMINATION BY MR. HAUSER:

22 Q Bogey, I've got a few questions to ask you.

23 A Yes, sir.

24 Q I'll go right to the bulldozer since we  
25 ended on that. When Cumberland Valley

1                   acquired that bulldozer was it a decent,  
2                   functioning bulldozer?  
3       Q            Yes, sir, I thought it would be a--and  
4                   well, it has been, it's been a pretty  
5                   good machine.  
6       Q            Is it still functioning today?  
7       A            Yes, sir.  
8       Q            If somebody has testified that that  
9                   bulldozer sat around and never did get  
10                  used for several months or years, would  
11                  that be an accurate statement?  
12       A            No, sir.  
13       Q            Tell me this, how long was it from the  
14                   time Cumberland Valley acquired it until  
15                   you believe as the mechanic that it was  
16                   in workable condition?  
17       A            It was workable order?  
18       Q            Yes, sir.  
19       A            Well, I can't remember, but I'd say within a couple  
20                  of weeks.  
21       Q            Do you know the manufacturer of it?  
22       A            John Deere.  
23       Q            John Deere also make the...  
24                                   MR. COOK: Could I ask...  
25       Q            ...bush-hog?

1 MR. COOK: ...maybe if you could ask  
2 about the model number. Sorry, I did one  
3 for you.

4 Q Do you know the model number?

5 A Yes, sir, it's a 450G long track.

6 Q So you still do the maintenance on this  
7 dozer?

8 A Yes, sir.

9 Q At the time it came in were you--you were  
10 not a full-time employee then, were you?  
11 Or were you?

12 A I don't know, I'd have to go look at the records.

13 Q Maybe I'm wrong, but I calculate that you  
14 became a full-time employee about  
15 somewhere July or August of '02, is that  
16 accurate? You said you'd been working  
17 three years and seven to nine months, a  
18 little over three and a half years.

19 A That just made me think of something. I've got--I  
20 can tell you right here in a moment, I believe.  
21 Maybe I can't. I become a Cumberland Valley  
22 employee at 7-1-02.

23 Q And that's a full-time employee with  
24 benefits at that time?

25 A Yes, sir.

- 1 Q And prior to that you testified you  
2 worked some several years before as a  
3 contractor?  
4 A Yes, sir.  
5 Q Now, you indicated that, in answering  
6 counsel--some of counsel's questions that  
7 you did some work on Southeast  
8 Transportation trucks?  
9 A Yes, sir.  
10 Q Was that prior to you becoming a full-  
11 time employee?  
12 A Yes, sir.  
13 Q Let me ask you this. Did you submit your  
14 own bills to Cumberland Valley for work  
15 that you did for them as a contractor?  
16 A Yes, sir.  
17 Q Did you ever submit any bills to Cumberland Valley  
18 for work you did on anybody's vehicle, truck or  
19 whatever, that was not Cumberland Valley's truck?  
20 A No, sir. I don't really know how to answer that.  
21 Q Well, I mean, all I'm asking is did you  
22 ever submit bills for Cumberland Valley  
23 to pay you for work you'd done on  
24 somebody else's vehicle?  
25 A Maybe early of a morning if they had a flat tire or

1 something, one of our contractors, yes, sir, I'd  
2 help them change it.

3 Q Well, did you bill Cumberland Valley for  
4 that?

5 A Well, I start my time at a certain time, you know,  
6 but that is after I come to work for the company.  
7 Now, when I worked as a contractor, no, Cumberland  
8 Valley did not pay me to work on nobody else's  
9 equipment.

10 Q That was the question I was asking, as a  
11 contractor.

12 A Okay, I've been asked so many I don't know where  
13 I'm going to here.

14 Q So you're saying now that you--if  
15 somebody's there you'll--a customer or  
16 anybody, have you worked on their cars or  
17 vehicles?

18 A Yes, sir, they break down at the front window all  
19 the time.

20 Q You indicated that Hubbs Creek has done some work  
21 for Cumberland Valley Electric working on motors  
22 or...

23 A Motors, yes, sir, building a pole truck, yes, sir.

24 Q When was the first time you recall Hubbs Creek  
25 working for--doing any work for Cumberland Valley?

1 A Um...

2 Q I'm not asking month, day and year, but you know,  
3 roughly in the last so many years...

4 A Maybe two years ago.

5 Q If you're the full-time mechanic why do  
6 you need Hubbs Creek to work for  
7 Cumberland Valley?

8 A Well, they are certain things that I can't do to a  
9 diesel engine, I've not got the tools and equipment  
10 and the knowledge.

11 Q So is that why Hubbs Creek is engaged to  
12 do the work?

13 A Yes, sir, at my request.

14 Q Are you the individual that deals with  
15 Hubbs Creek directly from Cumberland  
16 Valley Electric?

17 A Well, most of the time if I've got something I  
18 think that they can help me with, yes, sir, I'll  
19 contact them.

20 Q Counsel asked you if you had any  
21 concerns, when people asked you to do  
22 anything did you have any concerns about  
23 doing it. Let me ask you this, have you  
24 ever done--have you ever been asked to do  
25 something that you believe was improper

1 or illegal, something that shouldn't be  
2 done by anybody at Cumberland Valley  
3 Electric?

4 A No, sir.

5 Q I think we got the record straight, I  
6 wasn't sure, it took us a long time to  
7 get there, but I want to ask you again  
8 about records. You indicated that you  
9 were asked to go down and bring some  
10 records up for this case for some copying  
11 or something of that nature?

12 A Well, that was my understanding what it was for.

13 Q You're absolutely sure there--you're not  
14 testifying that nobody asked you nor do  
15 you have any knowledge if anybody  
16 destroyed any records...

17 A No, sir.

18 Q ...of Cumberland Valley Electric? Did  
19 anybody tell you how to testify here  
20 today?

21 A No, sir.

22 Q I didn't meet with you and give you  
23 any...

24 A No, sir.

25 Q ...any hints or give you an idea about

1                   how to answer questions?

2    A               No, sir.

3                   MR. HAUSER: That's all, that's all I  
4                   have.

5                   MS. MITCHELL: I have no questions.

6    REDIRECT EXAMINATION BY MR. HOWARD:

7    Q               Sir, if I could ask you one question. If you asked  
8                   Hubbs for help if you didn't have the tool or if it  
9                   was something you didn't know how to do, would they  
10                  send you an invoice if they did work for you?

11   A               Yes, sir.

12   Q               Okay, and would you hand that invoice in  
13                  to somebody at Cumberland Valley?

14   A               Well, there's probably--well, they're mailed I'd  
15                  say, sir.

16   Q               Okay. I've got to ask you a question,  
17                  given Mr. Hauser's question that no one's  
18                  told you what to say today. When he  
19                  first started asking you questions Mr.  
20                  Cook here asked you if you were asked  
21                  about your forgetfulness and what-not  
22                  concerning today's deposition. Now, you  
23                  had--you made some comments earlier on  
24                  about that, about you heard people  
25                  talking in the hall about being forget--

1                   that you needed to be forgetful or  
2                   something like that...

3    A               No, I didn't say that.

4                   MR. COOK: We could read the answer back.

5    A               Well, let's read it.

6                   MR. COOK: Okay, it's near the start of  
7                   his testimony, about the tenth question.

8                   REPORTER: What was the question, give  
9                   me...

10                  MR. COOK: The question was something to-  
11                  -it was has anybody from CVE approached  
12                  you about your answers to questions we  
13                  may pose to you today and has anybody on  
14                  behalf of the company, either directly or  
15                  indirectly told you that you should be  
16                  forgetful or have amnesia.

17    A               Well, what he was asking me he said it was in a  
18                  hallway.

19                  REPORTER: Do you want me to keep looking  
20                  or...

21                  MR. HOWARD: Let's get that on the  
22                  record.

23                  REPORTER: Okay, say that again, I'm  
24                  sorry.

25    A               He was saying something about in a hallway. Wasn't

1                   that what you asked me, sir?

2    Q               What I'm trying to ask you, Bogey, is

3                   that were you approached by either Mr.

4                   Hampton or other folks about the

5                   deposition today and about your memory,

6                   or did you hear other folks talking about

7                   how their memory should be in regard to

8                   the deposition?

9    A               Yes, sir, I heard that.

10   Q              Were you approached by Mr. Hampton or

11                   anybody at the company about your ability

12                   to remember things for tonight's

13                   deposition?

14   A               Uh...

15   Q               You were or...

16   A               Yeah, some guys jokingly asked me, you know, how my

17                   memory and stuff was. But someone telling me that

18                   I ought to have memory loss or something, no, sir.

19   Q               Who are these people?

20   A               Just employees.

21   Q               Do you remember which ones?

22   A               No, sir, not right off the bat.

23   Q               Donald Lynch? Mr. Lynch perhaps, was

24                   that one of them?

25   A               It's possible, yes, sir.

1 Q Randall Campbell?  
2 A Yes, sir.  
3 Q Kermit Creech?  
4 A No, I don't believe Kermit mentioned that to me.  
5 Q John Ferguson?  
6 A I can't remember if he said anything about it to me  
7 or not, sir.  
8 Q Dave Taylor?  
9 A Well, yeah, I'd say Dave has jokingly.  
10 Q Dennis Hart?  
11 A Probably has.  
12 Q Fred Bays, Jr.?  
13 A Um...  
14 Q Or does Mr. Bays still work at CVE?  
15 A He don't--he's been retired for years.  
16 Q Robert Prevatte?  
17 A He asked me had I heard that.  
18 Q Mike Baird?  
19 A Yes, sir.  
20 Q How about a Kenneth Wayne Bryant?  
21 A No, sir.  
22 Q Ernest Deaton?  
23 A I probably heard him mention it.  
24 Q Jay Hampton?  
25 A No. No, sir.

1 Q Karen Hampton?  
2 A No, sir.  
3 Q Anyone else that you can recall at CVE?  
4 A No, sir.  
5 Q Anybody outside of CVE's employees, as in  
6 a board of director or somebody else?  
7 Elbert Hampton...  
8 A No, sir.  
9 Q ...or someone like that?  
10 A No, sir. No, I don't believe Elbert, no, sir.  
11 MR. HOWARD: That's all the questions we  
12 have at this time.  
13 RE CROSS EXAMINATION BY MR. HAUSER:  
14 Q Follow-up. Have you been honest with  
15 your answers to all the questions that  
16 have been asked here tonight by counsel,  
17 either myself or these other lawyers?  
18 A To the best of my ability.  
19 Q Have you--I mean, is there any reason not  
20 to believe that you've given honest  
21 answers here tonight?  
22 A No, sir. I've been asked a lot of questions, but  
23 I've asked them truthfully, to the best of my  
24 knowledge.  
25 MR. HAUSER: Thank you.

1 MR. HOWARD: Thank you, sir.

2 CROSS EXAMINATION BY MS. MITCHELL:

3 Q I'm going to ask a question. When there was  
4 discussion about forgetfulness or amnesia, did you  
5 consider that a joke?

6 A Yes, ma'am.

7 Q And it was only by those people that you  
8 named, that you remember, those ones you  
9 said...

10 A I thought it was just a jokingly thing.

11 MS. MITCHELL: I have no further  
12 questions.

13 REDIRECT EXAMINATION BY MR. HOWARD:

14 Q I'll ask you one more question. Why would they be  
15 making fun out of being truthful at a deposition  
16 where you're supposed to be honest if you're under  
17 oath?

18 A Well, now, sir, you'd probably have to ask them  
19 that.

20 Q Would you consider it to be a joke to be forgetful  
21 if you were asked to tell the truth at a deposition  
22 under oath? Would you think that would be a joking  
23 matter?

24 MR. HAUSER: He's already testified he's  
25 told the truth.

1 Q I understand, but I'm asking would you  
2 think it would be a joking matter if he  
3 were--if it was--let me rephrase that.  
4 Do you think it's funny if somebody is  
5 suggesting, whether by joke or otherwise,  
6 that you ought not to tell the truth if  
7 you're under oath?

8 A No, sir, I don't think that's right.

9 MR. HOWARD: Okay, thank you.

10 MS. MITCHELL: I have no more questions.

11 MR. COOK: I think we're done.

12 (Deposition adjourned at 6:30 p.m.)

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STATE OF KENTUCKY  
COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

*Virginia Bunch*  
\_\_\_\_\_  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF WILLIAM McCUEN

\*\*\*\*\*

The deposition of WILLIAM McCUEN was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 5:05 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 WILLIAM McCUEN, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you state your name for the record?
5 A William Boyce McCuen.
6 Q Okay, and can you spell your last name?
7 A M-c-C-u-e-n.
8 Q Thank you very much.
9 REPORTER: And what was the middle name
10 again? I'm sorry.
11 A Boyce. That is B-o-y-c-e.
12 Q We apologize if your name was misspelled on the
13 subpoena.
14 A It's been done all my life.
15 Q We apologize. Do you prefer to go by
16 Bogey?
17 A Yes, sir.
18 Q Okay, I'll try to call you Bogey. My name
19 is Larry Cook, I work with the Attorney
20 General in the Office of Rate
21 Intervention. This man right here to my
22 right is my boss, Dennis Howard. And I'm
23 going to ask these other people to
24 introduce themselves to you.
25 MS. MITCHELL: Anita Mitchell with Public

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

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I N D E X

WITNESS: PAGE:
WILLIAM McCUEN:
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Recross examination by Mr. Hauser: 69
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1 Service Commission.
2 MS. EDWARDS: Andrea Edwards with the
3 Public Service Commission.
4 MR. RUSSELL: Elie Russell with the
5 Kentucky Public Service Commission.
6 MR. HAUSER: For the record you know Mr.
7 Hampton; Pat Hauser, Cumberland Valley.
8 Q Alright, okay. Now, as you may know,
9 Bogey, Cumberland Valley has filed for a
10 rate increase with the Public Service
11 Commission, and that's what brings us
12 here today. We're going to ask some
13 questions about CVE's business practices,
14 okay? Now, if I ask you a question and
15 you don't understand it, feel free to let
16 me know and I'll try to repeat it or
17 rephrase it, okay? Otherwise we'll
18 assume that you did understand it.
19 A Okay.
20 Q Okay. Now, from time to time some of the
21 other attorneys in the room might have an
22 objection to a question, and if that
23 happens we're going to let them state the
24 basis for their objection, and the court
25 reporter will take it down, but after

1 they're finished you can go ahead and  
 2 answer the question. Okay?  
 3 A (Witness nodded).  
 4 Q Now, also during the course of the deposition, if  
 5 you're like me you might want to nod your head yes  
 6 or shake your head no, but the problem is that  
 7 cannot be translated into the record.  
 8 A Uh-huh.  
 9 Q So you have to say yes or no.  
 10 A Okay.  
 11 Q Like you just said uh-huh, so you have to say yes  
 12 for purposes of--for her, otherwise, she'll have to  
 13 interrupt you and say excuse me what was your  
 14 answer. It makes it a lot easier. Alright. Okay,  
 15 do you realize that you're under oath today?  
 16 A Yes, sir.  
 17 Q Great, okay. Are you taking any  
 18 medications or any other substance that  
 19 could prevent you from providing honest  
 20 and accurate answers today?  
 21 A No, sir.  
 22 Q Are you taking any medications or anything else  
 23 that could interfere with your recollection?  
 24 A No, sir.  
 25 Q Okay, alright. Is your presence here

1 duties limited solely to working on  
 2 vehicles or do you also...  
 3 A No, sir.  
 4 Q ...other things?  
 5 A No, sir.  
 6 Q Tell me about the other things you do.  
 7 A If I need to unload material off of a truck or  
 8 whatever, if the warehouse man ain't there I'll  
 9 take care of it.  
 10 Q Okay. Alright, I understand. Now, has  
 11 anybody from the company approached you  
 12 today about the answers you're going to  
 13 give to our questions?  
 14 A No, sir.  
 15 Q Alrighty. Has anybody from the company  
 16 either directly or indirectly stated that  
 17 you should have amnesia or be forgetful  
 18 about the material we're going to ask you  
 19 about?  
 20 A Well, yes.  
 21 Q Okay, and who was that?  
 22 A Well, the men at work. I heard Mr. Hampton  
 23 jokingly with some of the men say this. Or that's  
 24 what I felt it was.  
 25 Q Oh, okay. Alright. So did he ever say

1 today in response to a subpoena that was  
 2 served upon you to compel you to provide  
 3 testimony?  
 4 A Yes, sir.  
 5 Q Alrighty. Could you tell me about your  
 6 educational background?  
 7 A I graduated from Lynn Camp High School and  
 8 vocational school in welding.  
 9 Q Alrighty. And are you currently employed?  
 10 A Yes, sir.  
 11 Q And where at?  
 12 A Cumberland Valley Electric.  
 13 Q Okay. And during the course of this  
 14 deposition I'm going to refer to  
 15 Cumberland Valley as CVE, okay?  
 16 A Okay.  
 17 Q And what do you do there at CVE?  
 18 A My title is mechanic.  
 19 Q Mechanic? Okay. Now, do you also work  
 20 in the warehouse?  
 21 A Yes, sir.  
 22 Q Okay.  
 23 A Well, that's where the mechanic's garage is. You  
 24 know, it's all one big building.  
 25 Q Oh, I understand, okay. So are your

1 this to you?  
 2 A Well, yeah, I was in the presence with the other  
 3 men, yes, sir.  
 4 Q Okay. Would that statement to you prevent  
 5 you from providing truthful answers to us  
 6 today?  
 7 A No, sir.  
 8 Q Okay. Are you in fear of either losing your job or  
 9 any other adverse consequences if you should  
 10 provide truthful answers to us?  
 11 A No, sir.  
 12 Q Okay, Alright, appreciate that. How  
 13 long have you worked at CVE?  
 14 A I've been on the Cumberland Valley's payroll  
 15 probably three years, seven or eight, nine months.  
 16 I'd have to go by the records to be--August 1.  
 17 Shoo, I can't remember that.  
 18 Q You said three years, is that...  
 19 A Three and a half.  
 20 Q Three and a half, okay. And is your work  
 21 for CVE full-time?  
 22 A Yes, sir.  
 23 Q Okay. Have you ever performed any other  
 24 work for CVE in any other capacity?  
 25 A Yes, I worked for them as a contractor.

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1 Q Oh, okay.  
 2 A Mechanic.  
 3 Q And for about how many years did you do  
 4 that?  
 5 A Off and on fifteen, sixteen years.  
 6 Q So for the three years before you were a CVE  
 7 employee it was about a period of fifteen to  
 8 sixteen years that you were a contractor...  
 9 A Yes, sir.  
 10 Q ...with CVE, is that right?  
 11 A Uh-huh.  
 12 Q Okay. And basically doing the same kind  
 13 of work, is that correct?  
 14 A Yes, sir.  
 15 Q Okay, alright. And when you were a  
 16 contractor, by using that word you were  
 17 not really an employee?  
 18 A No.  
 19 Q Did you not receive benefits while you  
 20 were a contractor?  
 21 A No, sir.  
 22 Q Okay. You were an independent  
 23 contractor?  
 24 A Yes, sir.  
 25 Q Okay. And now that you are an employee

1 Lay? Ken Lay?  
 2 A Kenneth Lay?  
 3 Q Yes.  
 4 A Yes, sir, I know Kenneth.  
 5 Q Okay. And how did you come to know him?  
 6 A He's our right-of-way contractor.  
 7 Q Okay, so he does right-of-way work for  
 8 CVE?  
 9 A Yes, sir.  
 10 Q Does he own a company?  
 11 A Yes, sir, I assume.  
 12 Q Do you know the name of the company?  
 13 A Lay's Tree & Brush.  
 14 Q Okay, okay. Now, do you know whether Ken  
 15 Lay at anytime was an employee of CVE?  
 16 A I don't know that, the answer to that.  
 17 Q Okay, well, that's okay. If you don't  
 18 know, we appreciate your speaking up and  
 19 letting us know. We appreciate that. Do  
 20 you know whether Mr. Lay is in any way  
 21 related to Ted Hampton?  
 22 A I've heard it said that he is distant cousins or  
 23 something. You know, other than that I don't know.  
 24 Q Do you know whether Mr. Lay is related in  
 25 any other way to any other CVE employee?

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Page 12

1 you do receive benefits?  
 2 A Yes, sir.  
 3 Q Okay, I understand. Alright, thank you.  
 4 During the course of your employment with  
 5 CVE have you had the opportunity to work  
 6 with other CVE employees?  
 7 A Yes, sir.  
 8 Q Okay. Could you tell me a few of them, the ones  
 9 you work most closely with?  
 10 A Well, the one I work closest with would be the  
 11 warehouse man, you know. Me and him's in the same  
 12 building.  
 13 Q And who is that?  
 14 A Mike Baird.  
 15 Q Mike Baird?  
 16 A Yes, sir.  
 17 Q Anybody else you can think of?  
 18 A Well, sir, I work around all of them.  
 19 Q Oh, okay. Does that include Ted Hampton?  
 20 A Yes, sir.  
 21 Q Okay, I understand. Now, during the  
 22 course of your employment there at CVE  
 23 and also during the time that you were a  
 24 contractor with them, did you have any  
 25 opportunity to learn of a man named Ken

1 A Not to my knowledge.  
 2 Q Okay, what about any other CVE officer or board  
 3 member?  
 4 A Well, yeah, I'd have to say yes on that I guess.  
 5 Q Okay, and who are you thinking of?  
 6 A Elbert Hampton.  
 7 Q Elbert Hampton, okay. Anybody else?  
 8 A Jay I guess.  
 9 Q Okay, okay. And Jay Hampton is what  
 10 you're talking about?  
 11 A Yes. Yes, sir.  
 12 Q Alright. Do you have any knowledge about  
 13 the billing arrangements between Mr. Lay  
 14 and CVE?  
 15 A No, sir.  
 16 Q You don't work in that area, do you?  
 17 A No, sir, I do not.  
 18 Q I understand. Have you ever heard about  
 19 how Mr. Lay is paid for the services he  
 20 does for CVE? Is that like by the month  
 21 or the job or the hour?  
 22 A No, sir.  
 23 Q You don't know? Okay. Do you know  
 24 whether Mr. Lay and his company provide  
 25 the equipment that they use to perform

1 the jobs for CVE?  
 2 A Yes, sir, the saws and stuff. To the best of my  
 3 knowledge now, I really...  
 4 Q So they provide the, what was that again?  
 5 A The power saws.  
 6 Q Power saws, okay.  
 7 A You know.  
 8 Q And do you know whether CVE ever provides  
 9 any equipment that it owns for Mr. Lay to  
 10 use?  
 11 A Pickup trucks.  
 12 Q Okay, alright. Have you ever heard of a  
 13 company called C&C, it's two letters C&C  
 14 Automotive Center?  
 15 A It don't ring--no, sir.  
 16 Q Okay. Do you know where Ken Lay  
 17 purchases all the equipment and supplies  
 18 he needs?  
 19 A No, sir.  
 20 Q Does it strike you as unusual in any way  
 21 that CVE provides some equipment for Mr.  
 22 Lay to use?  
 23 A I wouldn't think so. I don't really know...  
 24 Q Okay, if you don't know how to answer that, that's  
 25 okay, just go ahead and say. Does CVE provide

1 the bucket truck, is that where the  
 2 linemen go up there and work on the  
 3 lines...  
 4 A Yes, sir.  
 5 Q ...above the ground?  
 6 A Uh-huh.  
 7 Q Okay, alright, thanks. And do you know  
 8 who at CVE is responsible for handling  
 9 business operations with their  
 10 contractors?  
 11 A I'd say Mr. Hampton, Ted.  
 12 Q Okay, that's to the best of your  
 13 knowledge?  
 14 A Yeah.  
 15 Q And does that also include right-of-way  
 16 work with Mr. Lay's company?  
 17 A Yeah, I'm assuming, him and the board I guess. I  
 18 really--I'm not involved, you know, in the book  
 19 side of it.  
 20 Q Right, I understand you're not involved,  
 21 right. Now, do you know whether Ted  
 22 Hampton has ever held staff meetings with  
 23 employees from time to time?  
 24 A Staff meeting, what are you calling...  
 25 Q Well, any employee meetings.

1 equipment for other contractors to use to your  
 2 knowledge?  
 3 A Yes, sir.  
 4 Q And what other equipment to what other  
 5 contractors?  
 6 A Digger bucket and what we call the pole truck.  
 7 Q A digger bucket and a pole truck?  
 8 A Yes, sir.  
 9 Q What does the pole truck do?  
 10 A Carries utility poles and air compressor and the  
 11 line material.  
 12 Q Does it have like an auger on it too?  
 13 A No, sir. Jack hammer.  
 14 Q Okay, alright. And a pickup truck, is  
 15 that what you said? Tell me about the  
 16 other kind of equipment that they  
 17 provide.  
 18 A Digger derrick and a man lift bucket.  
 19 Q Digger derrick?  
 20 A Yeah. It's the one with the auger on it.  
 21 Q Oh, okay. Alright, great.  
 22 REPORTER: And what was the other one?  
 23 You said something else.  
 24 A A man lift, a bucket truck.  
 25 Q Oh, a bucket truck, okay. And is that

1 A Ah, he'll call me up and ask me some questions  
 2 sometimes, you know.  
 3 Q Okay, but have you ever been like in a  
 4 room where there's a meeting with more  
 5 than one, with several or more CVE  
 6 employees?  
 7 A Uh...  
 8 Q With Ted.  
 9 A Well, yes, sir.  
 10 Q Okay, alright. And do you have any idea  
 11 of who would be present at those  
 12 meetings?  
 13 A Well, most of the time for me it would be me and my  
 14 boss talking to him about equipment we need or...  
 15 Q Okay.  
 16 A You know, things of this nature.  
 17 Q And who was your boss?  
 18 A Jay Hampton.  
 19 Q Jay. And during any of those meetings did Ted  
 20 Hampton explain why he wanted to closely supervise  
 21 dealings with the right-of-way contractor?  
 22 A No, sir.  
 23 Q Okay, alright. Did you ever hear Ted  
 24 Hampton make any statement to the effect  
 25 that the reason that he wanted to closely

1 supervise dealings with the right-of-way  
 2 work was that that was his Florida money?  
 3 A No, sir.  
 4 Q You never did hear that?  
 5 A No.  
 6 Q Okay. Do you know whether anyone ever  
 7 made any suggestions to Ted Hampton about  
 8 ways to reduce expenditures on the right-  
 9 of-way program?  
 10 A No, sir.  
 11 Q Okay, you don't know, alright. During  
 12 the course of your work there at CVE did  
 13 you ever come to know of when CVE  
 14 purchased a bulldozer?  
 15 A Yes, sir.  
 16 Q Okay. And do you know about how much that  
 17 bulldozer cost?  
 18 A Honestly I can't answer that.  
 19 Q Okay. Do you know from whom they  
 20 purchased that bulldozer?  
 21 A Yes. Yes, sir.  
 22 Q Who was that?  
 23 A Five-C Construction or...  
 24 Q And do you know who runs that company?  
 25 A Yes, sir.

1 Q Okay. And do you know whether the  
 2 bulldozer was ever used by any CVE  
 3 contractors?  
 4 A Yes, sir.  
 5 Q Okay, what contractors would have used  
 6 it?  
 7 A Let's see. Well, Shelton Construction when we've  
 8 got a bad pole or something, yes, sir, we'll take  
 9 the dozer and we'll help get her set or whatever.  
 10 Q Okay. Do you know of any other contractors who  
 11 used it?  
 12 A No, sir.  
 13 Q Okay. Was the dozer ever equipped to  
 14 haul a bush-hog?  
 15 A It still is.  
 16 Q Still is?  
 17 A Yes, sir.  
 18 Q Okay. Does anybody ever use it to do  
 19 bush-hogging?  
 20 A The company does, yes, sir, about six, seven months  
 21 out of the year.  
 22 Q Okay, does Ken Lay's company do all of  
 23 the bush-hogging, do all of the right-of-  
 24 way work for CVE?  
 25 A Yes, sir, pretty much.

1 Q And who is that?  
 2 A Ronnie Corey.  
 3 Q Alright. And do you know who Ronnie  
 4 Corey is?  
 5 A Yes, sir.  
 6 Q Who is he? How'd you come to know him?  
 7 A He used to be a contractor there, sir.  
 8 Q Okay, a contractor for CVE?  
 9 A Yes, sir.  
 10 Q Okay. And do you know whether Mr. Corey  
 11 is related to any former board members of  
 12 CVE?  
 13 A Former?  
 14 Q Right.  
 15 A Yes, sir.  
 16 Q Okay. So you do know, and who is that to  
 17 whom he's related?  
 18 A Harry Corey.  
 19 Q Harry Corey, okay. So Harry Corey was  
 20 the one who was the former member of the  
 21 CVE board, is that correct?  
 22 A Yes, sir.  
 23 Q And have you ever seen any CVE employees ever use  
 24 the bulldozer?  
 25 A Well, yes, sir.

1 Q Okay, well, if that's the case then if  
 2 anybody was using that for bush-hogging,  
 3 it sounds like it would have been Ken Lay  
 4 using the bulldozer, is that correct?  
 5 A Well, I--yes, sir.  
 6 Q Okay.  
 7 A Um...  
 8 Q Are you having a hard time with these  
 9 questions or...  
 10 A Well, I didn't really understand. I thought you  
 11 was asking me was our dozer off somewhere. It was  
 12 cutting Cumberland Valley power line.  
 13 Q Right, it was--that's what I meant. It  
 14 was doing work for CVE, right, but it was  
 15 being used by a contractor? Is that...  
 16 A Yes.  
 17 Q ...your understanding?  
 18 A The operator.  
 19 Q Right, right. So it was clearing CVE  
 20 right-of-way, is that correct?  
 21 A Yes, sir.  
 22 Q Okay, and so when it was doing that task  
 23 it would have been operated by people  
 24 working for Ken Lay?  
 25 A Yes, sir.

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1 Q Who was working for CVE?  
 2 A Yes, sir.  
 3 Q Okay, alright, that's all I wanted to  
 4 know. Now, do you have any idea, any  
 5 knowledge about billing arrangements on  
 6 the occasions that contractors would use  
 7 the bulldozers?  
 8 A No, sir.  
 9 Q Okay, alright. Do you know who the accountant for  
 10 Five-C Construction was?  
 11 A I'm--Vicky, I believe.  
 12 Q Vicky, do you know her last name?  
 13 A Bryant.  
 14 Q Bryant. Would she be related in any way  
 15 to Wayne Bryant?  
 16 A Yes, sir.  
 17 Q In what way were they related?  
 18 A I'm assuming they're married.  
 19 Q Oh, okay, alright. And where did Wayne  
 20 Bryant work?  
 21 A He worked for Cumberland Valley Electric.  
 22 Q And what did he do?  
 23 A I'm--shoo. In accounting.  
 24 Q Okay, in accounting. Alright. Do you know whether  
 25 Wayne Bryant also handled any of the details

1 A I said I'll call and ask him for his advice and  
 2 stuff.  
 3 Q For his advice and stuff?  
 4 A Yes, sir.  
 5 Q Okay, alright. So is he a mechanic also?  
 6 A Yes, sir, a good one.  
 7 Q A good one, okay. So from time to time  
 8 he has worked on CVE vehicles to help  
 9 you?  
 10 A Uh-huh, yes, sir.  
 11 Q Okay. And do you know whether John Rex  
 12 Hampton was reimbursed for his work on  
 13 CVE vehicles?  
 14 A Not to my knowledge.  
 15 Q Okay. And do you know why he had to help you?  
 16 A Why?  
 17 Q Yeah. Because you were a full-time mechanic,  
 18 right, for CVE?  
 19 A Well, I--yes. Why he would help me?  
 20 Q Yeah.  
 21 A He's my friend.  
 22 Q Okay. How long have you known him?  
 23 A Probably 25, 26 years.  
 24 Q Well, okay, that's great. So to your  
 25 knowledge John Rex Hampton was reimbursed

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1 regarding CVE contributions to Ted Hampton's  
 2 retirement fund?  
 3 A No, sir.  
 4 Q You don't know, okay. Are you familiar  
 5 with a man named John Rex Hampton?  
 6 A Yes, sir.  
 7 Q Is he related in any way to Ted Hampton?  
 8 A Yes, sir.  
 9 Q In what way?  
 10 A It's his brother.  
 11 Q His brother, okay. Do you know whether  
 12 John Rex Hampton has at anytime worked  
 13 for CVE?  
 14 A He helped us in a bad ice storm once.  
 15 Q Okay, alright. Was he doing line work?  
 16 A Yeah. Yes, sir, helping me pull trucks out of the  
 17 ditch and things of this nature.  
 18 Q Oh, okay. Has John Rex Hampton ever  
 19 worked on any CVE vehicles?  
 20 A Well, yeah, he's helped me.  
 21 Q He's helped you, okay.  
 22 A Well, I said he helped me. If I run into a  
 23 problem, you know, yes, I'll call and ask him his  
 24 advice and stuff, sir.  
 25 Q I didn't understand you.

1 for his work on CVE vehicles?  
 2 A Now say that again, sir.  
 3 Q To your knowledge was John Rex Hampton  
 4 reimbursed, paid for his work when he did  
 5 work on CVE vehicles?  
 6 A When he helped me?  
 7 Q Yeah.  
 8 A Not to my knowledge.  
 9 Q Okay. So he did it for free?  
 10 A Yeah, when I asked him advice and stuff, yes, sir.  
 11 Q So he'd come down there and actually help  
 12 you on the vehicles and he'd do it for  
 13 free?  
 14 A He'd come by and I'd ask him questions and, yes,  
 15 sir, he'd...  
 16 Q Okay. Does Karen Hampton work at CVE?  
 17 A Yes, sir.  
 18 Q In what capacity?  
 19 A In the front office. I don't particularly know  
 20 what her title is.  
 21 Q Do you know whether she issues any  
 22 checks?  
 23 A What do you mean, issue?  
 24 Q Does she ever issue paychecks or checks to vendors  
 25 or both? Does she ever write the checks?

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1 A Well, I'd say she probably helps some of the women-  
 2 -I don't--they do that in the computer I guess.  
 3 Q Okay. So you yourself don't have any  
 4 direct knowledge of that, is that  
 5 correct?  
 6 A I've not seen her writing, no, sir.  
 7 Q Have you ever seen her handing checks  
 8 out?  
 9 A Why, yes, sir, she brings our payroll down  
 10 sometimes.  
 11 Q Payroll checks?  
 12 A Yeah.  
 13 Q Okay, okay. Have you ever heard of a  
 14 company called SECC?  
 15 A Say it...  
 16 Q The letters, four letters, SECC. You haven't heard  
 17 of them?  
 18 A No, sir, not that I...  
 19 Q Okay, alright. Have you ever heard of a  
 20 company called Southeast Petroleum?  
 21 A Yes, sir.  
 22 Q How did you hear about that?  
 23 A They used to deliver some gas to the--and fuel to  
 24 the shop. It's been so long back, I believe they  
 25 did, yes, sir.

1 discovery request the company said that Ted Hampton  
 2 owned Southeast Transport?  
 3 A No, sir.  
 4 Q Okay, alright. So is it your  
 5 understanding that John Rex Hampton was  
 6 also involved with Southeast Transport?  
 7 A Yes, sir.  
 8 Q Okay. How did you come to know that?  
 9 A Well, I...  
 10 Q Did John Rex Hampton drive some of the trucks? I  
 11 mean, he was your friend, right?  
 12 A Yeah, yeah.  
 13 Q So you'd see him there, did he drive the trucks  
 14 onto the property?  
 15 A Yes, sir, he's parked them there.  
 16 Q Okay, alright. Did he work on the trucks  
 17 there at Cumberland Valley?  
 18 A Occasionally, yes, sir, we would.  
 19 Q Okay. And did you also work on those  
 20 from time to time?  
 21 A If he asked my help, yes, sir.  
 22 Q And when you all worked on those did you  
 23 use CVE equipment, tools?  
 24 A Not at that time, no, sir.  
 25 Q Okay.

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1 Q Okay. Do you know for about how long  
 2 that business relationship lasted?  
 3 A Shoo. No, sir.  
 4 Q Was it a period of several years?  
 5 A Not to my knowledge.  
 6 Q So it wasn't as long as several years,  
 7 could it have been as long as one year?  
 8 A Possible.  
 9 Q Could it have been as long as two years?  
 10 A Sir, I don't know how to answer this. I can't  
 11 remember.  
 12 Q Okay, if you can't remember that's okay,  
 13 I understand. Have you ever heard of a  
 14 company called Southeast Petro Mart?  
 15 A No, sir.  
 16 Q Okay. Have you ever heard of a company  
 17 called Southeast Transport?  
 18 A Yes, sir.  
 19 Q How did you hear about them?  
 20 A It's a trucking company.  
 21 Q Do you know who owns that?  
 22 A Yes, sir.  
 23 Q Who?  
 24 A Or did. John Rex Hampton.  
 25 Q Okay. Did you know that in the Attorney General's

1 A It belonged to me.  
 2 Q Oh, okay. So at the time that this  
 3 occurred, was this when you were a  
 4 contractor?  
 5 A Yes, sir.  
 6 Q Okay, and you had your own tools?  
 7 A Yes, sir.  
 8 Q Okay, so did Cumberland Valley at that  
 9 time not have of its own tools at all?  
 10 A Well, yeah, they had tools, but mine was mine, sir.  
 11 Q Okay, and you used your own tools?  
 12 A Yes, sir.  
 13 Q Alright. And about how frequently did  
 14 John Rex park the Southeast Transport  
 15 trucks there? Was it like every day or  
 16 every week?  
 17 A No, no, no.  
 18 Q Once a month or...  
 19 A Maybe once a month if his drivers wanted to be off,  
 20 they'd just--I've let them park them behind the  
 21 fence so they wouldn't...  
 22 Q Do you have any rough idea about how many trucks  
 23 they had?  
 24 A Maybe two. It's not a definite.  
 25 Q Do you have any idea of what they hauled?

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1 A Some kind of floor joists.  
 2 Q Oh, okay, floor joists? Okay. For use  
 3 in the construction trade?  
 4 A I'm assuming.  
 5 Q Did you ever see them park there at CVE  
 6 when they were carrying cargo?  
 7 A Yes, sir.  
 8 Q Okay, alright. Do you know whether  
 9 Southeast Transport trucks ever used any  
 10 of CVE's fuel?  
 11 A Not to my knowledge.  
 12 Q Okay, alright. Did any other CVE  
 13 employees ever work on Southeast  
 14 Transport trucks? You said you did and--  
 15 you said you did when you were a  
 16 contractor. Did you also work on them  
 17 when you were an employee?  
 18 A No, not since I've been employed, sir.  
 19 Q Okay. What about any other CVE  
 20 employees?  
 21 A No, sir.  
 22 Q Alright. How many drivers were there  
 23 working for Southeast Transport?  
 24 A I have no idea.  
 25 Q Do you know how they were paid?

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1 A I have no idea, sir.  
 2 Q Did you ever see them go into the CVE  
 3 headquarters there?  
 4 A No, sir.  
 5 Q You never did see the truck drivers go in  
 6 there?  
 7 A (Witness shook head no).  
 8 Q Okay. Did you know any of the Southeast  
 9 Transport employees?  
 10 A Well, yes, sir.  
 11 Q Who were they besides John Rex?  
 12 A Well, I'm trying to think. I was trying to think.  
 13 Over the years, you know, I've--let's see, I think  
 14 my brother-in-law even drove for him several years  
 15 ago some.  
 16 Q Okay, what was his name?  
 17 A David Terrell.  
 18 Q How do you spell that last name? If you don't know  
 19 that's okay.  
 20 A I'd have to ask my wife.  
 21 Q Terrell, is that right?  
 22 A Terrell, Tirrell.  
 23 Q Something like that, okay, I understand.  
 24 So there was--you said there was a couple  
 25 of trucks, so were there just two drivers

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1 or more? Did they ever drive in tandem?  
 2 Were there ever like two drivers in the  
 3 tractor part when they went on long  
 4 hauls?  
 5 A Not to my knowledge. I really don't know.  
 6 Q Okay, alright. Are you aware of an  
 7 incident that occurred in which John Rex  
 8 Hampton's foot was injured or leg was  
 9 injured when someone else operating a  
 10 Southeast truck ran over his leg?  
 11 A Yes, sir.  
 12 Q And did that occur when a Southeast truck  
 13 was parked on CVE property?  
 14 A Yes, sir.  
 15 Q Do you know of any photographs or video  
 16 tapes that might depict anybody working  
 17 on Southeast trucks?  
 18 A No, sir.  
 19 Q Okay. Do you know who performed the bookkeeping  
 20 operations for Southeast Transport?  
 21 A No, sir.  
 22 Q Do you know whether anybody who worked  
 23 for CVE also did any work for Southeast  
 24 Transport? Did Karen Hampton?  
 25 A Well...

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1 Q She was John Rex's wife, right? She still is?  
 2 A Yeah.  
 3 Q Okay.  
 4 A Well, I really don't know--I don't know.  
 5 Q Okay. Alright. And I'm not sure I asked  
 6 you this. Do you know whether Southeast  
 7 Transport ever did any business with CVE?  
 8 A Not to my knowledge, you know.  
 9 Q To the best of your knowledge did CVE  
 10 ever make any payments to Southeast  
 11 Transport for any reason at all?  
 12 A No, sir, not to my knowledge.  
 13 Q Do you know where any records regarding  
 14 Southeast Transport were stored?  
 15 A What--I don't know what you're asking me there.  
 16 Q Okay, any records about either the business or the  
 17 maintenance on the trucks.  
 18 A No, sir.  
 19 Q You don't know where those are kept?  
 20 A No, sir.  
 21 Q Do you have any knowledge of any entity  
 22 called Knox Auto Parts?  
 23 A Yes, sir.  
 24 Q Okay, have you yourself done any business  
 25 with them?

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1 A Yes, sir.  
 2 Q Do you know whether CVE did any business  
 3 with them?  
 4 A Yes, sir.  
 5 Q Did they?  
 6 A Yes.  
 7 Q Oh, okay, because when I said that...  
 8 A I said yes.  
 9 Q Yeah. I just wanted to make sure because  
 10 sometimes that could be understood in one  
 11 of two ways, and that's why I want to  
 12 make sure that I eliminate the ambiguity  
 13 in that. Okay, that's the only reason  
 14 I'm asking that question. So CVE did do  
 15 business with Knox Auto Parts?  
 16 A Yes, through me.  
 17 Q Oh, through you?  
 18 A Yes.  
 19 Q Okay, so were you like the point person  
 20 for...  
 21 A No.  
 22 Q ...doing any work with Knox Auto?  
 23 A If I needed a part or something for a piece of our  
 24 equipment, if Knox has got it I'll go get it, if  
 25 whoever's got it, you know, I do business with

1 A Uh-huh.  
 2 Q Did Elbert Hampton ever--was he ever  
 3 involved, did he own it or did he run the  
 4 operations?  
 5 A No, I...  
 6 Q What about Steve Hampton?  
 7 A Yes, sir, him and his wife at one time owned it I  
 8 reckon.  
 9 Q Okay, alright. And does Steve Hampton  
 10 now work for CVE?  
 11 A Yes, sir.  
 12 Q What does he do for CVE?  
 13 A He's a serviceman.  
 14 Q Okay, alright. Do you have any knowledge  
 15 regarding about how much business in  
 16 rough dollar figures was transacted  
 17 between Knox and CVE?  
 18 A No, sir.  
 19 Q You have no idea? Now, with regard to  
 20 the products Knox Auto Parts provided to  
 21 CVE, do you know whether there was a  
 22 bidding process?  
 23 A No, sir, I didn't take bids. If I needed a part  
 24 I'd get it and fix my equipment.  
 25 Q Okay. Were there any large pieces of equipment

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1 everybody.  
 2 Q Oh, okay, I gotcha, okay. So Knox Auto  
 3 Parts provided equipment and materials  
 4 that you used to work on vehicles, is  
 5 that right?  
 6 A Yes, sir.  
 7 Q Do you know whether they provided any  
 8 other equipment? You know, like anything  
 9 that's not related to motor vehicles,  
 10 like for instance, rags?  
 11 A Why, yes, sir.  
 12 Q Okay. Were a lot of rags purchased  
 13 through Knox Auto Parts?  
 14 A I don't know what you'd call a lot, sir.  
 15 Q Okay.  
 16 A On account of, you know, we'll go through four or  
 17 five boxes a week sometimes.  
 18 Q Alright. And do you know who ran the  
 19 operations of Knox Auto Parts?  
 20 A When?  
 21 Q During anytime you were either contractor or  
 22 employee?  
 23 A The best of my knowledge Eddie Frasier and Charlie  
 24 Frasier owns it now.  
 25 Q Okay, they own it now?

1 that were ever purchased through Knox, like  
 2 anything over a thousand dollars?  
 3 A I can't--I wouldn't think so, you know, to my  
 4 memory right now.  
 5 Q Okay, I understand. To the best of your knowledge  
 6 you can't recollect anything that high ever being  
 7 purchased there?  
 8 A No. No, sir.  
 9 Q Let me ask you, to the best of your knowledge would  
 10 it have been possible that other people at CVE  
 11 could have been buying materials through CVE--  
 12 through Knox Auto Parts, excuse me, besides stuff  
 13 dealing with motor vehicles?  
 14 A I wouldn't think so. Now--well, occasionally, you  
 15 know, the line crews, I myself have brought, you  
 16 know, like conduit and wires for metering  
 17 equipments. They do electrical supplies too.  
 18 Q Okay, alright. We talked about Steve  
 19 Hampton and what is his relationship with  
 20 Ted Hampton? Well, who is Steve's  
 21 father?  
 22 A Elbert.  
 23 Q Elbert, okay. So Elbert is the brother  
 24 of Ted, so Steve would be his nephew, is  
 25 that right?

1 A His nephew, yes, he would.  
 2 Q Alright. Do you know for how long the  
 3 business relationship lasted between  
 4 Knox Auto Parts and CVE? Was it ongoing  
 5 as long as you were there?  
 6 A Yes, sir, I still do business with them.  
 7 Q Okay, alright. Now, when Steve Hampton  
 8 worked there did he go through a divorce?  
 9 A Yes, sir, I believe so.  
 10 Q And do you know whether the business was  
 11 sold at that time? I'm talking about  
 12 Knox Auto Parts.  
 13 A I'm assuming it was.  
 14 Q Okay, because you mentioned that currently it's  
 15 owned by someone else and...  
 16 A Yeah.  
 17 Q ...not by Steve Hampton, so.  
 18 A Uh-huh.  
 19 Q So at some point it was sold for some  
 20 reason, right?  
 21 A Yes, sir.  
 22 Q So you don't know whether the cause for that sale  
 23 was a divorce that Steve had with his then wife?  
 24 MR. HAUSER: Objection to the relevancy.  
 25 A I really don't know.

1 any one of those three storage areas?  
 2 A What do you mean removed?  
 3 Q Moved from where they were kept to someplace else?  
 4 A I assume they probably was on account of questions  
 5 that was being asked or something.  
 6 Q Do you know what was done with those?  
 7 You say you assume. Do you base that  
 8 assumption on any facts that you know of  
 9 personally?  
 10 A Yeah, I--I guess, yeah--I don't know what I'm  
 11 saying. You--yes, I've helped carry records out  
 12 for people to get stuff out when this started, and  
 13 yes, I helped put them back in the basement.  
 14 Q Okay, and do you know what was done with  
 15 those records? I mean, once you moved  
 16 them initially from that place, do you  
 17 know where you brought them to?  
 18 A Yes, sir, a heated room.  
 19 Q A heated room?  
 20 A Yes, sir.  
 21 Q What do you mean by a heated room?  
 22 A Where it was heated.  
 23 Q Oh, so the records were initially there  
 24 where it was not heated?  
 25 A No, it's not heated in the basement.

1 MR. HOWARD: Our response is it goes to  
 2 the prudence of spending, which we'll  
 3 take up with Chairman Goss.  
 4 Q Do you have any knowledge of where CVE's  
 5 records regarding its transactions with  
 6 Knox would be kept, where they're stored?  
 7 A I guess in the vault or the--I don't know, in the  
 8 computers, I really don't know.  
 9 Q Okay, alright. Other people have told us  
 10 today that records are stored in one of  
 11 three places, either in the vault or in  
 12 the warehouse, or is there also a  
 13 basement to the warehouse?  
 14 A Not a basement to the warehouse, no, sir, they's  
 15 not.  
 16 Q Is there some building there that has a  
 17 basement?  
 18 A Yes, the engineering building.  
 19 Q The engineering building. Are records  
 20 stored there also?  
 21 A Yes, sir, they's a lot of stuff. I'm assuming  
 22 records and--and now we've--yes, and I guess in the  
 23 upper building they's some records and stuff  
 24 stored, sir.  
 25 Q Were any records recently removed from

1 Q Okay, alright. And do you know why they were  
 2 brought to a heated room?  
 3 A Yes, sir, to find stuff that they was questions  
 4 asked about I'm assuming.  
 5 Q Okay, alright. And after you brought  
 6 those records to the heated room, then  
 7 what happened to those records?  
 8 A When they was through with them I carried them back  
 9 in.  
 10 Q Okay, carried them back in where?  
 11 A To the basement.  
 12 Q Okay. So to the best of your knowledge  
 13 that's where the records are now?  
 14 A Yes, sir.  
 15 Q Okay. Do you know whether during the  
 16 course of this filing for the rate  
 17 increase, whether any records were  
 18 destroyed, were they burned, were they  
 19 taken somewhere else and removed that no  
 20 one knows about?  
 21 A No, sir, not to my knowledge.  
 22 Q Not to your knowledge?  
 23 A No, sir.  
 24 Q Alright, thank you. We talked earlier  
 25 about Elbert Hampton and you said that

1 he's Ted's brother, and is Elbert now on  
 2 the board of directors of CVE?  
 3 A Yes, sir, I've been told he is.  
 4 Q Okay. And do you know about when that  
 5 occurred?  
 6 A Not a definite date, I don't know.  
 7 Q Okay, alright. Do you have any idea why Elbert was  
 8 put on the board of directors?  
 9 A No, sir.  
 10 Q Okay, alright. I may have asked this  
 11 question before, and I apologize if I  
 12 did, but do you know whether Elbert  
 13 played any role in Knox Auto Parts?  
 14 A No, sir.  
 15 Q You don't know?  
 16 A (Witness shook head no).  
 17 Q Alright. Do you know whether Elbert was ever  
 18 involved in any other businesses? You don't know?  
 19 A No, sir.  
 20 Q Okay, you were shaking your head so...  
 21 A I don't know, I'm trying to think, you know.  
 22 Q I understand, I understand. I appreciate  
 23 your cooperation with us. I think you  
 24 said earlier that Elbert was an employee  
 25 of CVE, is my understanding correct, at

1 them into his personal vehicle?  
 2 A Rusty bolts or something, you know, nothing--not...  
 3 Q So do you have any idea at all of what  
 4 the materials were, or you're just--  
 5 you're just guessing?  
 6 A I really don't know, you know. I've not stood  
 7 there or--I don't know.  
 8 Q Okay, so the answer to the question when  
 9 I asked you whether Elbert Hampton--  
 10 whether you ever saw Elbert leaving the  
 11 warehouse with any materials is that you  
 12 just don't know, is that correct?  
 13 A Well, I've--you know, I've seen him I guess get  
 14 some old bolts or something to build a barn with or  
 15 something, but...  
 16 Q Okay, just the only thing you saw him  
 17 carrying was some old bolts?  
 18 A Well, sir, like I said, I didn't go out there  
 19 and...  
 20 Q Okay, I understand. I just wanted to  
 21 know if you ever observed this. That's  
 22 the only thing I'm asking. Okay. Have  
 23 you ever heard of a company called Hubbs  
 24 Creek?  
 25 A I know of a company in Hubbs Creek.

1 one time?  
 2 A Yes, sir.  
 3 Q Okay. And what did he do as an employee  
 4 of CVE?  
 5 A He was superintendent.  
 6 Q Okay. Was a superintendent, was that  
 7 like over all the operations, over one  
 8 area, over...  
 9 A To the best of my knowledge outside operations.  
 10 Q Okay, alright. Do you have any knowledge  
 11 of Elbert receiving payments from CVE for  
 12 construction work he'd performed?  
 13 A No, sir.  
 14 Q Have you ever witnessed or otherwise  
 15 learned of Elbert Hampton filling his  
 16 personal vehicle with CVE gasoline?  
 17 A Filling? No, sir.  
 18 Q Did you ever witness him using any gas at  
 19 all for any reason?  
 20 A Yes, sir, his truck was out of gas once and he got,  
 21 I don't know, three or four gallon or something, to  
 22 get on to the station.  
 23 Q Alright. Have you ever seen Elbert  
 24 coming from the CVE warehouse carrying  
 25 materials from the warehouse and putting

1 Q Okay. Have you heard of a company, well it has the  
 2 Hubbs Creek in its name, that does any mechanical  
 3 work for CVE?  
 4 A Yes, sir.  
 5 Q Okay, what is that company? Do you know  
 6 the name of that company?  
 7 A Hubbs Creek--I don't...  
 8 Q Is it like automotive or something like  
 9 that?  
 10 A They're a heavy equipment repair place and diesel  
 11 engine repair, yes, sir, I know of them.  
 12 Q Okay, alright. Do you know whether Steve  
 13 Hampton's in-laws operate that company or  
 14 have any role in it?  
 15 A No, sir, not to my knowledge.  
 16 Q Okay, alright. Does the name Terry McCreary mean  
 17 anything to you?  
 18 A Yes, sir.  
 19 Q How so?  
 20 A He's, I call him the head mechanic. I guess he  
 21 owns the company, sir.  
 22 Q Oh, okay. Down there at Hubbs Creek?  
 23 A Yes, sir.  
 24 Q Okay, alright. Have you ever done work  
 25 on diesel engines too?

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1 A	Some, yes, sir, some.	1 A	Yeah, he farms.
2 Q	Okay, and does John Rex Hampton, does he	2 Q	Okay, he's a farmer? Does he, does
3	work on diesels too?	3	Elbert own trucks such as a lift truck
4 A	Yes, sir.	4	and any other specialized trucks?
5 Q	Okay. Have you ever heard of a company	5 A	Yes, sir, I believe he does.
6	called Air Gas?	6 Q	What kind of trucks to your knowledge are
7 A	Yes, sir.	7	they?
8 Q	Do they supply CVE with acetylene?	8 A	A bucket truck.
9 A	Yes, sir.	9 Q	Okay, alright. And do you know what kind
10 Q	Okay. Do you have any knowledge of how	10	of work he does with a bucket truck?
11	and when shipments are made?	11 A	Honestly I've never seen him working, I don't know.
12 A	When I need a tank of oxygen I'll go get it.	12 Q	Okay. Is there any other truck besides
13 Q	Okay. And about how long has CVE does	13	the bucket truck that he owns?
14	business with Air Gas?	14 A	I'm sure he owns other trucks and stuff. I believe
15 A	Well, let's see. Up to when I quit contracting and	15	he does have a old digger derrick.
16	went to work for the company I done business with	16 Q	And the digger derrick, again, is that
17	them.	17	like with the big auger?
18 Q	Oh, okay. So when you were	18 A	Yeah.
19	contracting...	19 Q	Okay, so you use that to lay poles? Is
20 A	Yes, sir.	20	that right?
21 Q	...you would make the orders?	21 A	Yeah, I...
22 A	For myself, yes, sir.	22 Q	Okay. And you've never seen him using those
23 Q	Right. And do you know anything about	23	trucks?
24	how the orders were shipped? Did some of	24 A	No, sir.
25	the orders go there to CVE and did part	25 Q	Okay. And do you know the name of
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1	of the order go to Elbert Hampton's home?	1	Elbert's business?
2 A	Not to my knowledge.	2 A	No, sir.
3 Q	Okay. So to your knowledge none of the	3 Q	That he does this under?
4	acetylene and oxygen tanks go to Elbert's	4 A	No, sir.
5	garage?	5 Q	Okay. Do you have any knowledge of any
6 A	They was one instant, yes, sir.	6	work that CVE did that was unnecessary?
7 Q	Okay, there was one incident, and you	7 A	No, sir.
8	have personal knowledge of this?	8 Q	Okay. Do you have any knowledge of--
9 A	Well, it was just a mistake where we do business,	9	first of all, do you know that CVE
10	the Air Gas Company.	10	receives part of its funding from RUS
11 Q	Okay.	11	loans? Do you have any knowledge of
12 A	And we caught it and I went and corrected it.	12	that?
13 Q	How did you correct it?	13 A	No, sir.
14 A	It was just a tank rent, sir.	14 Q	Okay.
15 Q	So how did you go about correcting that?	15 A	I--no, I may have heard somebody over years past or
16 A	I just told them they'd made a mistake.	16	something...
17 Q	Okay. And did they go to Elbert's home	17 Q	I understand.
18	and pick up the tank from there?	18 A	...mention that, but no, I don't know nothing about
19 A	No, I just mentioned it to him and he returned it.	19	that.
20 Q	Him meaning Elbert?	20 Q	Okay, alright. And do you have any knowledge about
21 A	Yes, sir.	21	how the proceeds of those loans are spent?
22 Q	So Elbert returned it, okay. What kind	22 A	No, sir.
23	of business does Elbert do where he uses	23 Q	Okay, alright. Do you have any knowledge
24	acetylene and oxygen? Is it for welding	24	about a power line that was run to a
25	I assume?	25	cabin off of Red Bird Road?

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1 A No, sir.  
 2 Q Okay, alright. Does the name J. B.  
 3 Johnson mean anything to you?  
 4 A Yes, sir.  
 5 Q Okay. Do you know the gentleman?  
 6 A Yeah, I believe he's a federal judge.  
 7 Q Okay, and do you know whether he has ever  
 8 done any work for CVE?  
 9 A Right now I don't know.  
 10 Q Okay, well, if you don't know...  
 11 A I just...  
 12 A ...that's alright, that's alright. And have you  
 13 ever heard of a man named Bill Nighbert?  
 14 A Say that again, sir.  
 15 Q Bill Nighbert?  
 16 A No, sir.  
 17 Q Okay, alright. Do you know anything  
 18 about the laying of an underground power  
 19 line to the Whitley County School System?  
 20 A Uh...  
 21 Q If you don't know...  
 22 A I'm sure--I'm sure we got underground power lines  
 23 to the school.  
 24 Q Right, I'm just asking you whether you  
 25 know anything about the laying of that

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1 underground...  
 2 A No, sir.  
 3 Q So if you don't know it's okay, you can  
 4 just say so, it's alright. And in the  
 5 course of your employment with CVE and in  
 6 the course of the time when you were an  
 7 independent contractor with CVE, did you  
 8 ever learn of any power lines being laid  
 9 which were not necessary?  
 10 A Sir, I wouldn't know if they was necessary or not  
 11 necessary.  
 12 Q Okay. So the answer is no, you  
 13 haven't...  
 14 A No.  
 15 Q I understand. Have you ever attended a  
 16 CVE annual meeting?  
 17 A Yes, sir.  
 18 Q Okay. Have you attended more than one,  
 19 on many occasions, or about how many?  
 20 A Well, ever since I went to work for the company,  
 21 I've went to three probably.  
 22 Q Okay.  
 23 A And I may have went to two or three or four or  
 24 something, I don't know. Over 20 years it's hard  
 25 to remember everything.

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1 Q Okay, I understand, alright. Now, when  
 2 you were there in the meetings what  
 3 exactly did you do? Were you working in  
 4 that meeting or what?  
 5 A No, just there for the--well, now, as a company  
 6 employee, yes, we do things.  
 7 Q Sure, sure.  
 8 A You know, help get the entertainment.  
 9 Q Right.  
 10 A You know, and drinks for ladies and things.  
 11 Q Sure, absolutely, okay. And were you  
 12 present when the board of directors was  
 13 elected at the annual meetings?  
 14 A Yes, sir, I'm sure I was on the premises.  
 15 Q Okay, did you hear anybody make any announcements  
 16 that it's time for the--to vote on the board of  
 17 directors?  
 18 A I've heard that, yes, sir.  
 19 Q Okay, and were any ballot boxes provided  
 20 for the CVE members to place any votes?  
 21 A Yeah, they's boxes there, I guess, you know.  
 22 Q You guess there were or...  
 23 A Well, they was boxes there and people dropping...  
 24 Q Okay, alright, I just wanted to make sure  
 25 whether you knew--whether you had direct

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1 knowledge, okay. Do you have any  
 2 knowledge about how members of the board  
 3 of directors are nominated?  
 4 A No, sir, not...  
 5 Q Okay. Do you have any knowledge about  
 6 the keeping of corporate minutes for the  
 7 company?  
 8 A No, sir.  
 9 Q Okay. Do you have any knowledge about a  
 10 truck 61? Does that ring any bells at  
 11 all?  
 12 A I'm sure I've--we've had a 61 in time.  
 13 Q A boom truck? This was one where it may  
 14 have been involved in an accident and  
 15 then it was sold to somebody, placed out  
 16 for a bid, does that ring a bell at all?  
 17 A Well, now, sir, over the years we've had several  
 18 wrecked.  
 19 Q Okay. And then this one that was  
 20 wrecked, was there an engine installed  
 21 just prior to the accident, new engine?  
 22 And then the accident happens and then it  
 23 was fixed and then sold?  
 24 A I'd have to have more details or something than  
 25 this.

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1 Q	Okay.	1 Q	Okay. When you were working for CVE...
2 A	I'm sort of...	2 A	Yes, sir.
3 Q	Okay. Did you ever work on any trucks	3 Q	...either as an independent contractor or either as
4	that were involved in accidents?	4	an employee.
5 A	Yes, sir.	5 A	Okay.
6 Q	Okay. And were any of those boom trucks?	6 Q	Did anybody ever ask you anything that--ask you to
7 A	Why, yes sir.	7	do anything that gave you any cause for concern?
8 Q	Okay, alright. And were you aware, did	8 A	No, sir.
9	you ever work on any trucks that later on	9 Q	Okay, alright. Did anybody ever ask you
10	were sold?	10	to do anything that you questioned?
11 A	Yes, sir, we sell trucks, you know, when we're done	11 A	No, sir.
12	with them, yes, sir, we sell them.	12 Q	Okay. Have you ever referred to CVE--
13 Q	Right, okay. Have you ever seen any	13	have you ever heard of CVE being referred
14	truck on CVE's property where it was sold	14	to as Hampton Valley?
15	to somebody else and after it was sold it	15 A	Yes, sir, I've heard some of the employees say that
16	came back onto CVE's property?	16	they've heard that.
17 A	Yes, sir, I see people drive them in there and by	17 Q	Okay. Is there any other concern that
18	there all the time.	18	you wanted to bring to our attention
19 Q	Okay, so this happens pretty often, is	19	while we're here?
20	that what my understanding?	20 A	No, sir.
21 A	Well, old trucks that we sold, yeah, the	21 Q	Okay, alright. Just one moment. I want to follow
22	communities drive them.	22	up on one question. I asked you this previously
23 Q	Okay, alright, okay. Do you have any	23	about did you ever work or service--work on or
24	knowledge about the company adding money	24	service any Southeast Transportation trucks?
25	to work projects?	25 A	Yes, sir.
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1 A	No, sir.	1 Q	Okay.
2 Q	Okay, alright. Now, in the course of our	2 A	Helped do it.
3	conversation here today we've mentioned	3 Q	And did you do that when you were a
4	several family members of Ted's who work	4	contractor?
5	for CVE, and we mentioned Karen and Steve	5 A	Yes, sir.
6	and Elbert. Are there any other--I think	6 Q	Okay. And did you do that while you were
7	you also mentioned Jay, and he's your	7	on CVE time?
8	boss, is that right?	8 A	No, sir.
9 A	Yes, sir.	9 Q	Okay. You did not do that while you were
10 Q	Are there any other relatives of Ted	10	on CVE time?
11	Hampton's who work for the company?	11 A	No, sir.
12 A	I'm just trying to remember what you just said to	12 Q	Okay. We talked earlier about Hubbs
13	me. Will you give me...	13	Creek.
14 Q	Steve and Elbert and Karen and Jay.	14 A	Yes, sir.
15 A	Yes, sir, they work there. Or Elbert doesn't no	15 Q	Have they repaired CVE trucks?
16	more, he's retired and on the board.	16 A	Yes, sir. And did a good job at it.
17 Q	Elbert? Okay. Any other family members	17 Q	Okay, alright. Did you work on a
18	you can think of?	18	bulldozer?
19 A	Not to my knowledge right now.	19 A	Yes, sir.
20 Q	Okay, alright. During the course of your	20 Q	Okay, what kind of work did you do?
21	work with CVE, either as an employee or a	21 A	I did mechanicking, welding.
22	contractor, did anybody ever ask you	22 Q	Okay. What kind of welding work did you
23	anything that you questioned or gave you	23	do, was it to repair something or to add
24	cause for concern in any way?	24	equipment or...
25 A	I really don't know what you're asking me there.	25 A	Just repair, sir. When you run a bush-hog on a

1 bulldozer you've got some repairs.  
 2 Q Okay, alright. I understand. When the  
 3 company first obtained the bulldozer did  
 4 you have to do any work to get it up and  
 5 running?  
 6 A Yes, sir.  
 7 Q What kind of work did you have to do?  
 8 A Well, first of all just P.M.ing the machine.  
 9 Q Say that again.  
 10 A P.M. the machine.  
 11 Q What does that mean?  
 12 A It means preventative maintenance.  
 13 Q Oh, preventive maintenance, okay,  
 14 alright.  
 15 A Change the oil filters, clean it, and when I was  
 16 steam cleaning it I blew the corner of the  
 17 radiator out of it, and I had to replace it.  
 18 Q Okay.  
 19 A And done a little light welding on the three point  
 20 hitch, nothing major.  
 21 Q Okay. When you were steam cleaning it,  
 22 part of the radiator came off, was  
 23 that...  
 24 A Yes, sir.  
 25 Q ...due to rust? Was it rusty or...

1 A Well, it's just contamination. It had probably  
 2 been, you know, the fan blowing it through there.  
 3 Q Okay. On a dozer is there any record of  
 4 mileage or anything like that...  
 5 A Hour meter, yes.  
 6 Q ...or hours of use?  
 7 REPORTER: I'm sorry, what?  
 8 A Hour meter.  
 9 Q Hour meter? Do you have any recollection  
 10 of how many hours it had been used by the  
 11 time CVE acquired it?  
 12 A No, sir, not right off the top of my head, I can't  
 13 remember that.  
 14 Q I understand. Do you know whether there  
 15 is any record at CVE about that?  
 16 A I'm--yes, sir, I would think there would be.  
 17 MR. COOK: Okay, alright. That's all the  
 18 questions I have at this time. I think  
 19 some of the other attorneys might have  
 20 some questions for you.  
 21 CROSS EXAMINATION BY MR. HAUSER:  
 22 Q Bogey, I've got a few questions to ask you.  
 23 A Yes, sir.  
 24 Q I'll go right to the bulldozer since we  
 25 ended on that. When Cumberland Valley

1 acquired that bulldozer was it a decent,  
 2 functioning bulldozer?  
 3 Q Yes, sir, I thought it would be a--and  
 4 well, it has been, it's been a pretty  
 5 good machine.  
 6 Q Is it still functioning today?  
 7 A Yes, sir.  
 8 Q If somebody has testified that that  
 9 bulldozer sat around and never did get  
 10 used for several months or years, would  
 11 that be an accurate statement?  
 12 A No, sir.  
 13 Q Tell me this, how long was it from the  
 14 time Cumberland Valley acquired it until  
 15 you believe as the mechanic that it was  
 16 in workable condition?  
 17 A It was workable order?  
 18 Q Yes, sir.  
 19 A Well, I can't remember, but I'd say within a couple  
 20 of weeks.  
 21 Q Do you know the manufacturer of it?  
 22 A John Deere.  
 23 Q John Deere also make the...  
 24 MR. COOK: Could I ask...  
 25 Q ...bush-hog?

1 MR. COOK: ...maybe if you could ask  
 2 about the model number. Sorry, I did one  
 3 for you.  
 4 Q Do you know the model number?  
 5 A Yes, sir, it's a 450G long track.  
 6 Q So you still do the maintenance on this  
 7 dozer?  
 8 A Yes, sir.  
 9 Q At the time it came in were you--you were  
 10 not a full-time employee then, were you?  
 11 Or were you?  
 12 A I don't know, I'd have to go look at the records.  
 13 Q Maybe I'm wrong, but I calculate that you  
 14 became a full-time employee about  
 15 somewhere July or August of '02, is that  
 16 accurate? You said you'd been working  
 17 three years and seven to nine months, a  
 18 little over three and a half years.  
 19 A That just made me think of something. I've got--I  
 20 can tell you right here in a moment, I believe.  
 21 Maybe I can't. I become a Cumberland Valley  
 22 employee at 7-1-02.  
 23 Q And that's a full-time employee with  
 24 benefits at that time?  
 25 A Yes, sir.

1 Q And prior to that you testified you  
 2 worked some several years before as a  
 3 contractor?  
 4 A Yes, sir.  
 5 Q Now, you indicated that, in answering  
 6 counsel--some of counsel's questions that  
 7 you did some work on Southeast  
 8 Transportation trucks?  
 9 A Yes, sir.  
 10 Q Was that prior to you becoming a full-  
 11 time employee?  
 12 A Yes, sir.  
 13 Q Let me ask you this. Did you submit your  
 14 own bills to Cumberland Valley for work  
 15 that you did for them as a contractor?  
 16 A Yes, sir.  
 17 Q Did you ever submit any bills to Cumberland Valley  
 18 for work you did on anybody's vehicle, truck or  
 19 whatever, that was not Cumberland Valley's truck?  
 20 A No, sir. I don't really know how to answer that.  
 21 Q Well, I mean, all I'm asking is did you  
 22 ever submit bills for Cumberland Valley  
 23 to pay you for work you'd done on  
 24 somebody else's vehicle?  
 25 A Maybe early of a morning if they had a flat tire or

1 A Um...  
 2 Q I'm not asking month, day and year, but you know,  
 3 roughly in the last so many years...  
 4 A Maybe two years ago.  
 5 Q If you're the full-time mechanic why do  
 6 you need Hubbs Creek to work for  
 7 Cumberland Valley?  
 8 A Well, they are certain things that I can't do to a  
 9 diesel engine, I've not got the tools and equipment  
 10 and the knowledge.  
 11 Q So is that why Hubbs Creek is engaged to  
 12 do the work?  
 13 A Yes, sir, at my request.  
 14 Q Are you the individual that deals with  
 15 Hubbs Creek directly from Cumberland  
 16 Valley Electric?  
 17 A Well, most of the time if I've got something I  
 18 think that they can help me with, yes, sir, I'll  
 19 contact them.  
 20 Q Counsel asked you if you had any  
 21 concerns, when people asked you to do  
 22 anything did you have any concerns about  
 23 doing it. Let me ask you this, have you  
 24 ever done--have you ever been asked to do  
 25 something that you believe was improper

1 something, one of our contractors, yes, sir, I'd  
 2 help them change it.  
 3 Q Well, did you bill Cumberland Valley for  
 4 that?  
 5 A Well, I start my time at a certain time, you know,  
 6 but that is after I come to work for the company.  
 7 Now, when I worked as a contractor, no, Cumberland  
 8 Valley did not pay me to work on nobody else's  
 9 equipment.  
 10 Q That was the question I was asking, as a  
 11 contractor.  
 12 A Okay, I've been asked so many I don't know where  
 13 I'm going to here.  
 14 Q So you're saying now that you--if  
 15 somebody's there you'll--a customer or  
 16 anybody, have you worked on their cars or  
 17 vehicles?  
 18 A Yes, sir, they break down at the front window all  
 19 the time.  
 20 Q You indicated that Hubbs Creek has done some work  
 21 for Cumberland Valley Electric working on motors  
 22 or...  
 23 A Motors, yes, sir, building a pole truck, yes, sir.  
 24 Q When was the first time you recall Hubbs Creek  
 25 working for--doing any work for Cumberland Valley?

1 or illegal, something that shouldn't be  
 2 done by anybody at Cumberland Valley  
 3 Electric?  
 4 A No, sir.  
 5 Q I think we got the record straight, I  
 6 wasn't sure, it took us a long time to  
 7 get there, but I want to ask you again  
 8 about records. You indicated that you  
 9 were asked to go down and bring some  
 10 records up for this case for some copying  
 11 or something of that nature?  
 12 A Well, that was my understanding what it was for.  
 13 Q You're absolutely sure there--you're not  
 14 testifying that nobody asked you nor do  
 15 you have any knowledge if anybody  
 16 destroyed any records...  
 17 A No, sir.  
 18 Q ...of Cumberland Valley Electric? Did  
 19 anybody tell you how to testify here  
 20 today?  
 21 A No, sir.  
 22 Q I didn't meet with you and give you  
 23 any...  
 24 A No, sir.  
 25 Q ...any hints or give you an idea about

1 how to answer questions?  
 2 A No, sir.  
 3 MR. HAUSER: That's all, that's all I  
 4 have.  
 5 MS. MITCHELL: I have no questions.  
 6 REDIRECT EXAMINATION BY MR. HOWARD:  
 7 Q Sir, if I could ask you one question. If you asked  
 8 Hubbs for help if you didn't have the tool or if it  
 9 was something you didn't know how to do, would they  
 10 send you an invoice if they did work for you?  
 11 A Yes, sir.  
 12 Q Okay, and would you hand that invoice in  
 13 to somebody at Cumberland Valley?  
 14 A Well, there's probably--well, they're mailed I'd  
 15 say, sir.  
 16 Q Okay. I've got to ask you a question,  
 17 given Mr. Hauser's question that no one's  
 18 told you what to say today. When he  
 19 first started asking you questions Mr.  
 20 Cook here asked you if you were asked  
 21 about your forgetfulness and what-not  
 22 concerning today's deposition. Now, you  
 23 had--you made some comments earlier on  
 24 about that, about you heard people  
 25 talking in the hall about being forget--

1 that you needed to be forgetful or  
 2 something like that...  
 3 A No, I didn't say that.  
 4 MR. COOK: We could read the answer back.  
 5 A Well, let's read it.  
 6 MR. COOK: Okay, it's near the start of  
 7 his testimony, about the tenth question.  
 8 REPORTER: What was the question, give  
 9 me...  
 10 MR. COOK: The question was something to--  
 11 it was has anybody from CVE approached  
 12 you about your answers to questions we  
 13 may pose to you today and has anybody on  
 14 behalf of the company, either directly or  
 15 indirectly told you that you should be  
 16 forgetful or have amnesia.  
 17 A Well, what he was asking me he said it was in a  
 18 hallway.  
 19 REPORTER: Do you want me to keep looking  
 20 or...  
 21 MR. HOWARD: Let's get that on the  
 22 record.  
 23 REPORTER: Okay, say that again, I'm  
 24 sorry.  
 25 A He was saying something about in a hallway. Wasn't

1 that what you asked me, sir?  
 2 Q What I'm trying to ask you, Bogey, is  
 3 that were you approached by either Mr.  
 4 Hampton or other folks about the  
 5 deposition today and about your memory,  
 6 or did you hear other folks talking about  
 7 how their memory should be in regard to  
 8 the deposition?  
 9 A Yes, sir, I heard that.  
 10 Q Were you approached by Mr. Hampton or  
 11 anybody at the company about your ability  
 12 to remember things for tonight's  
 13 deposition?  
 14 A Uh...  
 15 Q You were or...  
 16 A Yeah, some guys jokingly asked me, you know, how my  
 17 memory and stuff was. But someone telling me that  
 18 I ought to have memory loss or something, no, sir.  
 19 Q Who are these people?  
 20 A Just employees.  
 21 Q Do you remember which ones?  
 22 A No, sir, not right off the bat.  
 23 Q Donald Lynch? Mr. Lynch perhaps, was  
 24 that one of them?  
 25 A It's possible, yes, sir.

1 Q Randall Campbell?  
 2 A Yes, sir.  
 3 Q Kermit Creech?  
 4 A No, I don't believe Kermit mentioned that to me.  
 5 Q John Ferguson?  
 6 A I can't remember if he said anything about it to me  
 7 or not, sir.  
 8 Q Dave Taylor?  
 9 A Well, yeah, I'd say Dave has jokingly.  
 10 Q Dennis Hart?  
 11 A Probably has.  
 12 Q Fred Bays, Jr.?  
 13 A Um...  
 14 Q Or does Mr. Bays still work at CVE?  
 15 A He don't--he's been retired for years.  
 16 Q Robert Prevatte?  
 17 A He asked me had I heard that.  
 18 Q Mike Baird?  
 19 A Yes, sir.  
 20 Q How about a Kenneth Wayne Bryant?  
 21 A No, sir.  
 22 Q Ernest Deaton?  
 23 A I probably heard him mention it.  
 24 Q Jay Hampton?  
 25 A No. No, sir.

1 Q Karen Hampton?  
 2 A No, sir.  
 3 Q Anyone else that you can recall at CVE?  
 4 A No, sir.  
 5 Q Anybody outside of CVE's employees, as in  
 6 a board of director or somebody else?  
 7 Elbert Hampton...  
 8 A No, sir.  
 9 Q ...or someone like that?  
 10 A No, sir. No, I don't believe Elbert, no, sir.  
 11 MR. HOWARD: That's all the questions we  
 12 have at this time.  
 13 RECROSS EXAMINATION BY MR. HAUSER:  
 14 Q Follow-up. Have you been honest with  
 15 your answers to all the questions that  
 16 have been asked here tonight by counsel,  
 17 either myself or these other lawyers?  
 18 A To the best of my ability.  
 19 Q Have you--I mean, is there any reason not  
 20 to believe that you've given honest  
 21 answers here tonight?  
 22 A No, sir. I've been asked a lot of questions, but  
 23 I've asked them truthfully, to the best of my  
 24 knowledge.  
 25 MR. HAUSER: Thank you.

1 Q I understand, but I'm asking would you  
 2 think it would be a joking matter if he  
 3 were--if it was--let me rephrase that.  
 4 Do you think it's funny if somebody is  
 5 suggesting, whether by joke or otherwise,  
 6 that you ought not to tell the truth if  
 7 you're under oath?  
 8 A No, sir, I don't think that's right.  
 9 MR. HOWARD: Okay, thank you.  
 10 MS. MITCHELL: I have no more questions.  
 11 MR. COOK: I think we're done.  
 12 (Deposition adjourned at 6:30 p.m.)  
 13 \* \* \* \* \*

1 MR. HOWARD: Thank you, sir.  
 2 CROSS EXAMINATION BY MS. MITCHELL:  
 3 Q I'm going to ask a question. When there was  
 4 discussion about forgetfulness or amnesia, did you  
 5 consider that a joke?  
 6 A Yes, ma'am.  
 7 Q And it was only by those people that you  
 8 named, that you remember, those ones you  
 9 said...  
 10 A I thought it was just a jokingly thing.  
 11 MS. MITCHELL: I have no further  
 12 questions.  
 13 REDIRECT EXAMINATION BY MR. HOWARD:  
 14 Q I'll ask you one more question. Why would they be  
 15 making fun out of being truthful at a deposition  
 16 where you're supposed to be honest if you're under  
 17 oath?  
 18 A Well, now, sir, you'd probably have to ask them  
 19 that.  
 20 Q Would you consider it to be a joke to be forgetful  
 21 if you were asked to tell the truth at a deposition  
 22 under oath? Would you think that would be a joking  
 23 matter?  
 24 MR. HAUSER: He's already testified he's  
 25 told the truth.

1 STATE OF KENTUCKY  
 2  
 3 COUNTY OF KNOX  
 4  
 5 I, Virginia Bunch, the undersigned Notary Public  
 6 within and for the State of Kentucky at Large, do hereby  
 7 certify that the foregoing was heard before me on the date  
 8 and for the purpose as set out in the caption thereto; that  
 9 before testifying, the witness was, by me, duly sworn; that  
 10 his testimony was taken down in shorthand and later reduced  
 11 to typewriting, and the foregoing is a true and correct  
 12 transcript of my notes; that no written request having been  
 13 received by me, the deposition was not read or subscribed to  
 14 by the witness.  
 15 Given under my hand this \_\_\_\_\_ day of January,  
 16 2006.  
 17  
 18  
 19 VIRGINIA BUNCH  
 20 NOTARY PUBLIC  
 21 STATE OF KENTUCKY AT LARGE  
 22  
 23 MY COMMISSION EXPIRES: May 30, 2008.  
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COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE  
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
 ) DEPOSITION TAKEN ON BEHALF  
 ) OF ATTORNEY GENERAL - BY  
 ) NOTICE  
 ADJUSTMENT OF RATES )  
 OF CUMBERLAND VALLEY )  
 ELECTRIC, INC. )  
 )  
 ) WITNESS:  
 CASE NUMBER 2005-00187 )  
 ) EARNEST DEATON  
 )

The deposition of EARNEST DEATON was taken before Theresa A. Saylor, a Notary Public in and for the State of Kentucky at Large, on Tuesday, December 20, 2005, commencing at the approximate hour of 11:30 o'clock a.m., at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky. Said deposition was taken pursuant to notice, heretofore filed, same to be filed as evidence herein on behalf of the Attorney General for purposes of discovery and for all purposes permitted by the Kentucky Rules of Civil Procedure.

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ALSO PRESENT:

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MS. ANDREA E. EDWARDS  
MR. ELLE R. RUSSELL  
Public Service Commission

MR. TED HAMPTON  
MR. JIM ATKINS  
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MR. DARWIN SEBASTIEN  
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The witness, EARNEST DEATON, having first been duly sworn according to law, was examined and testified as follows:

**DIRECT EXAMINATION**

**By Mr. Cook:**

D1 Mr. Deaton, how are you doing today?

A Pretty good.

D2 Good. Could you spell your name for the Court Reporter?

A E-a-r-n-e-s-t D-e-a-t-o-n.

D3 Great. Mr. Deaton, my name is Larry Cook. I'm with the Attorney General at the Office of Rate Intervention. I'm going to introduce the people here or I'll have them introduce themselves to you. Right here to my right is my boss, Dennis Howard.

MR. HOWARD: Hello, sir.

D4 He's from our office. The other people can introduce themselves to you.

MS. MITCHELL: I'm Anita Mitchell with the Public Service Commission.

MS. EDWARDS: Andrea Edwards with the Public Service Commission.

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a Court Reporter, and the problem is that that doesn't come across as she is writing it down into the record.

A Okay.

D7 Okay. So if you can try to remember to say yes or no, just to verbalize an answer I guess.

A Speak it, okay.

D8 From time to time some of the other attorneys in the room might have an objection, and they'll speak up about that and then the Court Reporter will write down what their objection is, and after they're finished, then you can go ahead and answer the question.

A Okay.

D9 Okay. Do you have any other questions?

A No, sir.

D10 All right. Do you realize that you are under oath today?

A Yes, sir.

D11 Great. Are you taking any medication or any other substances that could prevent you from providing honest and accurate answers?

A No, sir, just vitamins.

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- D12 Okay. All right. So are you taking anything that could interfere with your recollection?
- A [WITNESS NODS HEAD, INDICATING NO]
- D13 You're saying no?
- A Yeah. No.
- D14 Were you served with a Subpoena today?
- A No, it was Friday.
- D15 Friday you were served with a Subpoena. All right. Could you tell us about your educational background?
- A Well, it's not real good.
- D16 That's okay. Did you go to high school?
- A No.
- D17 All right. Are you currently employed?
- A Yes, with Cumberland Valley Electric.
- D18 Okay. I'm going to, during the course of the questions that I'll ask, I might refer to Cumberland Valley as CVE, okay, just so that you know. What do you do for CVE?
- A I'm a crew leader.
- D19 Crew leader?
- A Yeah, crew leader.
- D20 Okay. What all does that involve?

- A Well, getting the materials and stuff ready of the morning and taking the men out on the job and helping them do it and stuff.
- D21 All right. Is that like for the line crews?
- A Yeah.
- D22 All right. Now, before you came today, did you at any time in the past few weeks talk with Mr. Hauser?
- A No.
- D23 Okay. Did anybody from the company talk to you about your answers here today?
- A No. I mean we've talked about it, you know, what it was about, but nobody knowed, so....
- D24 Who was it that....you said that we talked about what it was all about. Who was there when you talked?
- A Just me and the employees.
- D25 Was this an employee meeting or was it just an informal--
- A No. No. It was just, you know, we did it on the job.
- D26 Okay. I got you. Has anybody ever told you that you should be forgetful or insinuate that

you should have amnesia or anything like that?

A No.

D27 Okay. Are you in fear of losing your job or any kind of other consequences if you provide us with truthful answers?

A Not that I know of.

D28 All right. Have you ever done any other work for CVE in any other capacity?

A No, not that I know of.

D29 So you've always been I guess a crew chief or crew leader? Is that--

A Well, I started out as a lineman, and then I moved up to crew leader.

D30 Okay. Got you. All right. How long have you been working with CVE?

A This April maybe the fourteenth or something like that will be five years.

D31 Okay. All right. So almost five years?

A Yeah, almost five years.

D32 Got you. Did you have opportunity to work with other employees?

A I don't understand exactly what you mean.

D33 Okay. During the almost five years that you

worked at CVE, did you work with anybody else in the company?

A We worked all out in the field with everybody out there. That's the only....

D34 Okay.

A That's the only people I ever worked with.

D35 Who are some of the people you worked with out in the field?

A Bill Watkins. Bill Watkins was the crew leader at that time, and Mike Bright, Casey Corey. That's who I first started with. Then Ben Liford was another crew leader, which I worked with him for a while, Darrell Yoker, Brandon Boyd and Steve Carter and Donnie Lawson, Danny Hardin, and Kendall Taylor is my crew now.

D36 All right. Okay. I appreciate that. Have you also worked with Ted Hampton?

A I don't know what you mean. You mean personally work with him or just--

D37 Well, did you ever have any occasions where you talked with him or anything like that?

A Just on the job maybe passing or something or other. That was it.

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- D38 All right. Have you ever heard of a man named Ken Lay?
- A Yeah. I worked for him for eighteen years, a little over eighteen years.
- D39 Okay. You worked for him?
- A Yeah.
- D40 Okay. What did you do for him?
- A I was a foreman for him, right of way foreman.
- D41 Okay. What was the name of Ken Lay's business?
- A Lay Tree and Brush.
- D42 Okay. Did he do work for CVE?
- A Uh-huh.
- D43 So that was right of way work?
- A Yeah.
- D44 Okay. So you were a foreman for Ken Lay?
- A Yeah.
- D45 Did you do any other work for any other businesses besides CVE while you worked for Ken Lay?
- A Yeah, the gas company. I worked for Delta Gas and Wiser Gas and I think now it's Columbia Gas. They sold out.
- D46 Okay. All right. About how many people did you

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have working for you when you worked with Ken Lay?

A On my crew there was four people, but when we was on the gas line, there was only three of us.

D47 Why was that?

A Because we just had two like to measure and one to weed eat and then we'd bush hog and stuff, you know, with a tractor and stuff.

D48 All right. When you did the work for Ken Lay, did he own all of his own equipment that he used?

A Yeah.

D49 Okay. Did CVE ever provide any equipment to Mr. Lay, to you all, to use?

A Just the trucks.

D50 Just the trucks. What about was there a bull dozer? Did they ever provide you with one?

A We didn't have a bulldozer, no.

D51 So Ken Lay did not?

A Well, you know, like I said, I don't know what they've done in the past. They've got dozers and stuff now. I don't know how they do that,

you know.

D52 Okay. Do you know is it CVE that owns the bulldozer or Ken Lay? Do you know who owns it?

A The company owns the dozer.

D53 CVE does?

A [WITNESS NODS HEAD, INDICATING YES]

D54 You're nodding your head yes?

A Yes.

D55 Okay. Thanks. So to your knowledge then does Ken Lay's company use the CVE bulldozer to clear right of way?

A I don't know that.

D56 You don't know, okay. So since the time that you've worked for CVE, have you ever run across Ken Lay and his crew doing any work?

A We've helped them, you know, take the line down for them or something or other so they could trim it out or something or other like that. Basically that's about it.

D57 Okay. Do you know any of the people who currently work for Ken Lay?

A Well, they come and go quite a bit so I don't know, you know. I know one of them. Wendell

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Mills would be about the only one I could say for sure that still works for him. The rest of them kind of comes and goes, so it's really hard to say, you know.

D58

Okay.

A

There's quite a few of them that works for him, but there's a lot of them here and....

D59

You said Wendell Smith?

A

No, Wendell Mills.

D60

Wendell Mills, okay. All right. Now, when you worked there for Ken Lay, did you have any knowledge about the billing arrangements between Ken Lay's company and CVE?

A

No.

D61

Okay. Did you have to turn in any kind of paperwork in your work as a foreman?

A

All I turned in was a time sheet with our time on it.

D62

You would turn that in to Ken?

A

Yeah.

D63

Okay. Tell me whereabouts did you all get your supplies?

A

Kenneth usually brought them to us.

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- D64            Okay. Do you know where he got them?
- A              No.
- D65            Have you ever heard of a company called C and C  
Automotive?
- A              C and C Automotive. I don't know if I ever  
have.
- D66            Okay.
- A              I mean I don't understand exactly, you know.  
Maybe I've heard it called something or other  
else or something. I don't know exactly what  
you mean.
- D67            Well, the only way I know it is just by that  
name. It's two letters, C and C Automotive. So  
you don't recognize that in any way?
- A              Not that I know of.
- D68            Okay. Do you know how CVE came to own that  
bulldozer?
- A              They bought it is all I know.
- D69            Do you know who they bought it from?
- A              Ronnie Corey I think.
- D70            Okay. Does Ronnie own a business, too?
- A              Yeah.
- D71            Do you know the name of that business?

A Not for sure.

D72 Okay. Does the name Five C Construction mean anything to you?

A That sounds like what they call it. I don't know if that's what the name of it was or something or other else.

D73 Okay. All right. Do you know what Five C does for CVE?

A Build power lines.

D74 Have you ever worked with any of those people at Five C?

A Yeah, when we're switching a line or something, everybody goes out to switch it over or whatever we need to do.

D75 Okay. So then you would work on the same projects from time to time with the people from Five C?

A Yeah.

D76 Okay. Do you know who the accountant for Five C Construction was?

A No, I don't know that.

D77 Do you know who Wayne Bryant is?

A He used to work for the company.

D78 He used to, okay. Do you know what he did for the company?

A He was an accountant for our company I reckon.

D79 Okay. Have you ever heard of somebody named John Rex Hampton?

A Yeah.

D80 How did you learn about him?

A Well, I just know him from the past and stuff, you know.

D81 Okay. Is he a friend of yours?

A No, he ain't no personal. I mean he's a good fellow or seems to be, yeah.

D82 All right. Is he any kin to Ted Hampton?

A Brother.

D83 Okay. Is John Rex Hampton married?

A Yes.

D84 Okay. Do you know his wife's name?

A Karen Hampton.

D85 Does she also work for CVE?

A Yes, she does.

D86 Do you know what she does there?

A I'm not for sure what she does, but I know she takes the time sheets and stuff. I don't know.

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A secretary or something I guess. I'm not for sure what her job title is.

D87 Okay. I understand. Do you know whether John Rex Hampton ever did any work for CVE?

A No, I don't know that. I mean I can't say that he ain't, you know.

D88 Okay. Do you know whether John Rex may have ever done any work on any lines, like maybe during ice storms or during bad weather or anything like that?

A It's possible he could have, yeah. I mean I can't say that he ain't.

D89 Okay. All right. You just don't know?

A I don't know.

D90 I understand. Have you ever heard of a company that's called SECC?

A SECC, no, but, you know, I might know it as something or other else, but I don't know it as that.

D91 Okay. That's all right. If you don't know, it's perfectly okay.

A Okay.

D92 Just speak up and say so. It's perfectly all

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right. Have you ever heard of a company called Southeast Petroleum?

A No.

D93 That's all right. Do you know whether John Rex Hampton, was he ever involved in any other businesses?

A I don't know.

D94 Okay. All right. Have you ever heard of a company called Southeast Petro Mart?

A No.

D95 Have you ever heard of a company called Southeast Transport?

A No.

D96 Have you ever heard of a company called Knox Auto Parts?

A Yes.

D97 How did you hear about them?

A We used to order parts there sometimes.

D98 Okay. What kinds of parts?

A Truck parts, oil, and stuff like that.

D99 Did you ever order any parts that you would use out on the lines?

A I don't know. They might have.

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D100           Okay. Do you know who operated or who owned  
Knox Auto Parts?

A               Well, Steve Hampton used to have it, but that's  
been a long time ago.

D101           Okay. Does Steve Hampton work for CVE now?

A               Yeah.

D102           What does he do?

A               He's a serviceman.

D103           All right. Have you ever heard of a man named  
Elbert Hampton?

A               Yeah.

D104           How did you learn about him?

A               He used to be....I don't know what you call it,  
a field boss or something like that.

D105           So he was an employee of CVE?

A               Yeah.

D106           Do you know if he's currently on the Board of  
Directors?

A               I think.

D107           Okay. Do you know whether Elbert Hampton was  
ever involved in any other businesses?

A               I don't know that.

D108           You don't know?

A No.

D109 Have you ever heard of a company called Hubbs  
Creek?

A No.

D110 Okay. Do you know anything about from where the  
company gets it acetylene that it uses like in  
welding?

A No.

D111 Have you ever heard of a company called Air  
Gas?

A No.

D112 That's all right. Okay. Do you have any  
knowledge about a power line that was run to a  
cabin off of Red Bird Road?

A I don't know. I mean....

D113 Is that in the area that you work?

A Well, I work all different areas, but I can't  
really say because I don't know, you know. It  
might have been, but....

D114 You just cannot recall?

A I can't recall, yeah.

D115 Do you know if there is a cabin out there, off  
of Red Bird Road?

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A I don't know which part of Red Bird Road you're talking about. I mean, you know, I'm sure there's a lot of different cabins.

D116 Have you ever heard of a man named J.B. Johnson?

A Not that I know of.

D117 Have you ever heard of a man named Bill Nighbert?

A I've not never heard of that name as I know of.

D118 All right. Do you know anything about the laying of an underground line to the Whitley County School System?

A Do I know anything about it?

D119 Yeah.

A No.

D120 Have you ever heard of that job?

A I know there's a lot of underground lines down there, but I don't know exactly how it's laid if that's what you mean.

D121 Okay. Did you ever....I take it you did not work on that job?

A No. Huh-uh.

D122 All right. Have you ever heard of any lines

being constructed which were not necessary?

A Not that I know of.

D123 Did you ever go to any CVE annual meetings?

A Have I ever went to them?

D124 Yeah.

A Yeah.

D125 What did you do there?

A Give out light bulbs and stuff like that.

D126 All right. While you were there at those annual meetings, did you ever hear of a time when there was to vote for people to go on the Board of Directors?

A No, I don't know anything about that.

D127 Okay. Has anybody ever asked you to do anything that gave you any cause for concern?

A I don't understand what you mean.

D128 Okay. Has anybody, any of your bosses ever talked to you and asked you to do something that you thought would not be right for any reason?

A Not to my knowledge.

D129 Did you ever hear CVE being called Hampton Valley?

A Not to my knowledge but, you know, I can't say

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that it ain't been.

MR. COOK: All right. No other questions at this  
time.

MR. HAUSER: I have no questions.

MS. MITCHELL: I have no questions.

MR. COOK: That's it.

<><><><><>

THEREUPON, the taking of the deposition  
of EARNEST DEATON  
was concluded.

<><><><><>

**REPORTER'S CERTIFICATE**

STATE OF KENTUCKY )

COUNTY OF BELL )

I, Theresa A. Middleton Saylor, a Notary Public in and for the State of Kentucky at Large, do hereby certify that the witness herein named appeared before me at the time and place stated herein; that said witness was duly sworn by me; that said witness was then examined by the attorney(s) named herein; that the testimony of said witness was taken by me in shorthand notes with electronic backup; that the testimony was reduced by me to the foregoing typewritten pages to the best of my ability; and that said pages constitute a true and accurate record of the testimony given by the witness.

I further certify that the deposition has neither been read nor signed by the witness as such was not expressly requested in accordance with the Kentucky Rules of Civil Procedure [CR 30.05]; that I am not related to, employed by, or associated with any party to this action; and that I am not financially interested in its outcome.

WITNESS MY HAND AND OFFICIAL SEAL this the 11th day of January, 2006.

  
\_\_\_\_\_  
THERESA A. MIDDLETON SAYLOR  
NOTARY PUBLIC, State of Kentucky  
My commission expires 6-12-2006

**THERESA A. SAYLOR**  
**FREELANCE COURT REPORTER**  
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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF JOHN FERGUSON

\* \* \* \* \*

The deposition of JOHN FERGUSON was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 1:50 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

VIRGINIA BUNCH  
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Williamsburg, KY 40769-2633  
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1-800-425-3132

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PUBLIC SERVICE  
COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

\* \* \* \* \*

I N D E X

WITNESS:

PAGE:

JOHN FERGUSON:

Direct examination by Mr. Cook:

3-30

Cross examination by Mr. Hauser:

30-33

Reporter's Certificate:

34

1                   JOHN FERGUSON, having been first duly sworn by the  
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q            Could you state your name and address for the  
5                    record?

6 A            John Steven Ferguson.

7 Q            Alright. And how do you spell your last  
8                    name?

9 A            F-e-r-g-u-s-o-n.

10 Q            Okay, and your middle name was Stevens?

11 A            Steven.

12 Q            Spell that.

13 A            S-t-e-v-e-n.

14 Q            Very good, okay. Mr. Ferguson, my name is  
15                    Larry Cook. I'm with the Attorney  
16                    General's Office, the Office of Rate  
17                    Intervention. This is my boss, Dennis  
18                    Howard, he's in the same office. And  
19                    then we'll have the other people  
20                    introduce themselves to you.

21                    MS. MITCHELL: I'm Anita Mitchell from  
22                    the Public Service Commission.

23                    MS. EDWARDS: I'm Andrea Edwards with the  
24                    Public Service Commission.

25                    MR. RUSSELL: Elie Russell, Public

1 Service Commission.

2 MR. HAUSER: You probably know Mr.  
3 Hampton, but this is Mr. Adkins, Jim  
4 Adkins. I'm Pat Hauser. You probably  
5 know who I am too.

6 MR. HOWARD: And we also have Darwin  
7 Sebastian from our--from the Attorney  
8 General's Office as well.

9 Q Alright. Mr. Ferguson, as you probably  
10 know, Cumberland Valley, your employer,  
11 has filed for a rate increase with the  
12 Public Service Commission.

13 A Yes.

14 Q In regards--and in the course of this  
15 deposition I'm going to refer to  
16 Cumberland Valley as CVE just for  
17 purposes of brevity, okay?

18 A Okay.

19 Q We're conducting this deposition to ask  
20 questions about CVE's business practices.  
21 If you don't understand a question when I  
22 ask it, just speak up and I'll try to  
23 rephrase it or repeat it so that you can  
24 understand it. Otherwise we'll assume  
25 that you did understand the question,

1                   okay? Now, from time to time the other  
2                   attorneys here might assert an objection  
3                   to anything, and the court reporter will  
4                   take down their objection, but after  
5                   they're finished with their objection you  
6                   can go ahead and answer the question,  
7                   okay? Another thing too, when you give  
8                   your testimony in a deposition, if you--  
9                   if you're like me, you want to nod your  
10                  head or shake your head yes or no, but  
11                  you have to say yes or no so it will come  
12                  across on the transcript that she's going  
13                  to prepare.

14           A           Okay.

15           Q           Okay? We appreciate you coming down. Do  
16                        you realize that you're under oath?

17           A           Yes.

18           Q           Okay. Are you taking any medications or  
19                        any other substance that would either  
20                        prevent you from providing honest and  
21                        accurate answers today or which might  
22                        interfere with your recollection?

23           A           No.

24           Q           Okay. Is your presence here today in  
25                        response to a subpoena that was served on

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you to compel your testimony?

A Yes.

Q Okay, alright. Could you tell us about your educational background?

A I graduated from Knox Central High School.

Q Alrighty. Are you currently employed?

A Yes.

Q And where are you employed?

A Cumberland Valley Electric.

Q In what capacity?

A I'm a serviceman.

Q Okay, what do you do as a serviceman?

A I do disconnects-disconnect--or disconnects-connects, flood lights, I work on trouble, just a little of everything.

Q Okay, I understand. Has Ted Hampton or anybody else at the company approached you about your answers to the questions that we're going to pose to you today?

A No.

Q Okay. Has Mr. Hampton or anyone else at the company either directly stated or in any way insinuated that you should have amnesia or be forgetful about anything that we ask you about?

1 A No.

2 Q Okay. Are you in fear of losing your job or any  
3 other adverse consequences if you should provide  
4 truthful answers to these questions?

5 A No.

6 Q Okay. You stated that you're a lineman, is that  
7 right?

8 A Serviceman.

9 Q Serviceman, I'm sorry. Have you ever  
10 performed any work for CVE in any other  
11 capacity?

12 A No, I haven't.

13 Q Okay. During the course of your  
14 employment at CVE did you have  
15 opportunity to work with other CVE  
16 employees?

17 A Yes.

18 Q Okay.

19 A At...

20 Q Go ahead.

21 A Different co-ops or...

22 Q At CVE.

23 A Yes, I've worked with different people.

24 Q Okay, could you tell us with who, with  
25 whom you worked?

1 A I worked with about everybody, Dennis Hart, Dave  
2 Taylor, Gary Brock, everybody that's there, worked  
3 there.  
4 Q Yeah, how long have you worked there at  
5 CVE?  
6 A Since '98.  
7 Q Okay, so that's what, seven years,  
8 thereabouts?  
9 A Yes.  
10 Q So during seven years, if I understand  
11 you correctly, you had ample opportunity  
12 to work with most of the people there?  
13 A Yeah, besides the office...  
14 Q Okay.  
15 A ...people.  
16 Q Right.  
17 A Which I talk to them and...  
18 Q So you're out in the field most of the  
19 time, am I correct in that?  
20 A Yes.  
21 Q Okay. Have you had opportunity to work  
22 with Ted Hampton too?  
23 A Yes.  
24 Q Okay, alright. During the course of your  
25 employment at CVE did you have any

1 opportunity to learn of an individual  
2 named Ken Lay?  
3 A I know Kenneth.  
4 Q Oh, you know him? How do you know him?  
5 A Just he's our right-of-way man.  
6 Q Okay, alright. Was Ken Lay an employee at CVE  
7 during the time that you worked there?  
8 A No.  
9 Q Okay, was he ever a CVE employee?  
10 A He may have been. Seem like he has been.  
11 Q Okay, alright.  
12 A Long before I was there.  
13 Q Do you know whether Mr. Lay owns a  
14 business?  
15 A I know he has men work for him.  
16 Q Okay, alright. So is it your  
17 understanding that, at least to the  
18 extent of your knowledge, that Mr. Lay  
19 supervises people who work for him, is  
20 that correct?  
21 A Yes.  
22 Q Okay. Do you know the name of his  
23 business?  
24 A Lay Tree and--Lay Tree & Debris or...  
25 Q Something like that?

1 A Uh-huh.

2 Q Okay, but his name is in the company  
3 names to your knowledge?

4 A I think. Now, I haven't never even seen a card or  
5 nothing.

6 Q Okay, alright, just by verbal  
7 understanding?

8 A Yes.

9 Q I understand, okay. And does Mr. Lay's  
10 company do any work for CVE?

11 A Yes.

12 Q Okay, and I think you said earlier that  
13 they do the right-of-way work, is that  
14 right?

15 A Yes.

16 Q And what does that consist of?

17 A Cutting trees, brush around the power lines,  
18 cleaning up brush, trimming trees, of that nature.

19 Q Okay. Do you have any knowledge about  
20 the billing arrangements between Mr. Lay  
21 and CVE?

22 A No.

23 Q Do you know the basis of how Mr. Lay is  
24 paid for his services?

25 A I have no--no.

1 Q You don't know if it's like by the job, monthly or  
2 hourly or weekly?

3 A I don't know.

4 Q Okay. Yeah, I appreciate it if you don't  
5 know, we appreciate your saying so. That  
6 helps us out a lot. Do you know whether  
7 Mr. Lay and his company provide the  
8 equipment that they use to perform the  
9 services for CVE?

10 A I'm not for sure.

11 Q Okay. Have you ever heard of a business  
12 called C&C Automotive Center?

13 A No, I haven't.

14 Q Do you have any knowledge about CVE's  
15 bidding practices, you know, when it puts  
16 a job out for bid, do you have any  
17 knowledge about that?

18 A No, I do not.

19 Q Okay. Do you know who at CVE is  
20 responsible for handling business  
21 operations with right-of-way contractors?

22 A No. I mean...

23 Q That's fine, if you don't know just go right ahead  
24 and say so then. In the course of your work at CVE  
25 was there any particular piece of equipment that

1 has come to your attention?  
2 A No.  
3 Q Have you ever heard of CVE owning a  
4 bulldozer?  
5 A Yes.  
6 Q Okay. And have you seen CVE employees  
7 using that bulldozer?  
8 A Yes.  
9 Q Okay, and have you seen any of CVE's  
10 contractors using that bulldozer?  
11 A No.  
12 Q Was the bulldozer rigged to also pull a  
13 bush-hog?  
14 A Yes.  
15 Q Okay. And do you know who does the bush-  
16 hogging?  
17 A It's--I think we have one dozer and--who operates  
18 the machinery?  
19 A Yes, that's my question.  
20 A It's...  
21 Q Well, if you don't know...  
22 A I can't think of his name.  
23 Q Okay. So you have never seen any CVE  
24 contractors using the bulldozer?  
25 A No.

1 Q Okay. Do you know who Ronnie Corey is?  
2 A Yes.  
3 Q How did you come to know Ronnie Corey?  
4 A I worked for him.  
5 Q So does Ronnie Corey own a business?  
6 A Yes.  
7 Q What's the name of that business?  
8 A Five-C Construction.  
9 Q Is Ronnie Corey a friend of Ted  
10 Hampton's?  
11 A Yes.  
12 Q Alright. Does Five-C do any business  
13 with CVE?  
14 A Yes.  
15 Q Do you know who sold the bulldozer to  
16 CVE?  
17 A No.  
18 Q Okay. Do you know who the accountant is  
19 for Five-C Construction?  
20 A I'm not for sure.  
21 Q Okay. Do you know who Kenneth Bryant is?  
22 A Kenneth Bryant? No, I do not.  
23 Q Have you ever heard that last name,  
24 Bryant?  
25 A Yes.

1 Q Is there a Bryant who works for CVE?  
2 A Wayne.  
3 Q Wayne, okay.  
4 A He did.  
5 Q Okay, is he retired from CVE?  
6 A Yes.  
7 Q What did he do for CVE?  
8 A Bookkeeper as far as I know.  
9 Q Okay, alright. But he was an office  
10 person?  
11 A Yes.  
12 Q Okay, so you probably would not have much  
13 of a chance to work with him...  
14 A No.  
15 Q ...is that correct? I understand. Have  
16 you heard of someone named John Rex  
17 Hampton?  
18 A Yes.  
19 Q Is he related to Ted Hampton?  
20 A Yes.  
21 Q Is John Rex Hampton married?  
22 A Yes.  
23 Q Do you know his wife's name?  
24 A Yes.  
25 Q What is his wife's name?

1 A Karen Hampton.

2 Q Does she work at CVE?

3 A Yes.

4 Q In what capacity?

5 A She just makes our checks, that's all--that's all I  
6 know.

7 Q She issues checks?

8 A Yes.

9 Q Okay. Do you know whether John Rex  
10 Hampton has at anytime ever worked for  
11 CVE?

12 A Not to my knowledge.

13 Q Okay. Do you know whether John Rex Hampton at  
14 anytime worked on any CVE vehicles?

15 A Not to my knowledge.

16 Q Do you know whether John Rex Hampton has  
17 ever done any work for CVE?

18 A No.

19 Q You don't know if he has?

20 A I don't--I don't know.

21 Q Okay, I understand. In the course of  
22 your work there at CVE did you ever hear  
23 of a company called SECC? It's four  
24 letters, I don't know what it stands for.  
25 SECC, have you ever heard of that

1                    company?

2    A                No, I have not.

3    Q                Okay. Have you ever heard of a company

4                    called Southeast Petroleum?

5    A                No.

6    Q                Okay. Do you have any knowledge of

7                    companies with whom CVE may have

8                    contracted to obtain bulk fuel?

9    A                GM's the only one I know.

10   Q                GM, General Motors? Oh, G&M?

11   A                Yeah, G&M.

12   Q                Oh, okay. Have you ever heard of a company called

13                    Southeast Petro Mart?

14   A                No, I haven't.

15   Q                Do you have any knowledge about whether

16                    CVE ever placed bids to--before they

17                    purchased bulk fuel?

18   A                No.

19   Q                Okay, you don't know?

20   A                No, I--I don't know.

21   Q                Have you ever heard of a company called

22                    Southeast Transport?

23   A                No.

24   Q                Have you ever seen any semi trucks at

25                    CVE?

1 A No.

2 Q Never have?

3 A I've seen them there, and...

4 Q Do you know what they were doing there?

5 A No, I don't know what they were doing.

6 Q Okay. Did you ever see any company name

7 on the side of the tractor part of the

8 truck?

9 A No.

10 Q Or the trailer? Okay. Did you ever see

11 any people inside the company offices who

12 were not CVE employees? Like truck

13 drivers, people who drove those trucks?

14 A I've seen some people there, yes.

15 Q Okay. Do you have any idea what they

16 were doing there?

17 A No.

18 Q Okay, I understand. Have you ever heard

19 of a company called Knox Auto Parts?

20 A Yes.

21 Q Okay, how did you come to hear about that

22 company?

23 A I traded a lot with them for a long time.

24 Q Okay.

25 A Me and my father.

1 Q Okay. So you have done some personal  
2 business with them, is that correct?  
3 A Yes.  
4 Q Okay. And do you know about when you  
5 started doing business with them?  
6 A Shoo.  
7 Q It's been a long time?  
8 A Yeah.  
9 Q Okay. Do you know who ran Knox Auto  
10 Parts?  
11 A Pardon?  
12 Q Do you know who ran that company, Knox Auto Parts?  
13 MR. HAUSER: When? When?  
14 MR. COOK: Well, first I'm going to ask  
15 him if he knows who ran it...  
16 MR. HAUSER: Oh, okay, I'm just talking  
17 about when.  
18 Q Do you know who ran that company?  
19 A Yes.  
20 Q Okay, who?  
21 A I think that John Rex may have.  
22 Q Okay, alright. And do you know when he ran it,  
23 approximate times?  
24 A I'd say it's been longer than six or seven years  
25 ago, maybe longer.

1 Q            Alright.

2 A            Maybe not.

3 Q            Do you know whether Knox Auto Parts ever did any  
4               business with CVE?

5 A            I don't know.

6 Q            Okay. Did you ever run across any bills from Knox  
7               Auto Parts?

8 A            No.

9 Q            Do you know anything about an individual named  
10              Steve Hampton?

11 A           Yes.

12 Q           How did you run across him?

13 A           I went to school with him.

14 Q           Okay.

15 A           Worked together.

16 Q           And is he any relation to Ted Hampton?

17 A           Yes.

18 Q           Okay, do you know what kind of relation  
19              he is?

20 A           Nephew.

21 Q           Alright. Did Steve Hampton ever work at Knox Auto  
22              Parts?

23 A           I think so.

24 q           Okay. Do you know what kind of role he  
25              played there?

- 1 A No, I do not.
- 2 Q Alright. Do you have any knowledge of  
3 where CVE keeps its records, business  
4 records?
- 5 A No, I do not.
- 6 Q And have you heard of an individual named  
7 Elbert Hampton?
- 8 A Yes.
- 9 Q What is his relationship with Ted  
10 Hampton?
- 11 A They're brothers.
- 12 Q Okay. Is Elbert on the CVE board of  
13 directors?
- 14 A Yes.
- 15 Q Do you know when he came on the board of  
16 directors?
- 17 A It's been a couple of year.
- 18 Q Couple of years, okay. Do you know  
19 whether Elbert Hampton did any work with  
20 Knox Auto Parts?
- 21 A I don't know.
- 22 Q Do you know whether Elbert Hampton was  
23 ever involved in any other businesses?
- 24 A No, not that I...
- 25 Q You don't know?

- 1 A I don't know.
- 2 Q Okay. Do you know whether Elbert was  
3 ever an employee of CVE, Elbert Hampton?
- 4 A Yes.
- 5 Q So he was?
- 6 A Yes.
- 7 Q Okay. And do you know what he did for  
8 CVE?
- 9 A He was line superintendent.
- 10 Q Okay, and do you know how long he was in that  
11 position?
- 12 A Long time.
- 13 Q Long time?
- 14 A Forty years or better.
- 15 Q Okay. Do you know if Elbert was ever an  
16 employee at the same time that he was on  
17 the board of directors?
- 18 A No.
- 19 Q You don't know?
- 20 A Read it to me again.
- 21 Q Do you know whether Elbert was ever an employee of  
22 CVE at the same time that he was on the board of  
23 directors?
- 24 A Not to my knowledge, he was--he wasn't.
- 25 Q Not to your knowledge? Have you ever

1                   seen or otherwise learned of Elbert  
2                   Hampton filling his personal vehicle with  
3                   CVE gasoline?  
4    A               No.  
5    Q               Have you ever seen Elbert Hampton leaving the CVE  
6                   warehouse with his arms full of materials and  
7                   placing them into his personal vehicle?  
8    A               No, I haven't.  
9    Q               Have you heard of a business named Hubbs  
10                   Creek?  
11   A               Yes.  
12   Q               How did you come across that business?  
13   A               It's my neighbors.  
14   Q               So there next to your house?  
15   A               Yes.  
16   Q               Okay. So what kind of business does  
17                   Hubbs Creek do with CVE?  
18   A               Mechanic.  
19   Q               Okay. So they do mechanical work on CVE  
20                   vehicles, is that correct?  
21   A               Sometimes.  
22   Q               Do Steve Hampton's in-laws own or operate  
23                   Hubbs Creek?  
24   A               Yes.  
25   Q               Does the name Terry McCreary mean

1 anything to you?

2 A Yes.

3 Q Is he involved with Hubbs Creek, is he

4 Steve's father-in-law?

5 A No.

6 Q Okay. Is he any kind of relation by

7 marriage or...

8 A Yes.

9 Q ...blood? Do you know what that relationship is?

10 A He is married to Terry's--Terry's brother's

11 daughter.

12 Q Okay, alright. Do you know why Hubbs

13 Creek is doing mechanical work on CVE

14 trucks when CVE has a full-time mechanic?

15 A No.

16 Q Have you ever heard of a business called Air Gas?

17 A No, I haven't.

18 Q Do you have any knowledge regarding a

19 power line that was run to a cabin off of

20 Red Bird Road?

21 A No.

22 Q Does the name J. B. Johnson mean anything to you?

23 A I know him.

24 Q How do you know him?

25 A He used to talk to my dad sometimes. They was

1 acquaintances, I just know him from meeting him,  
2 talking to my father.

3 Q So is it fair to say that he was a friend  
4 of your father's?

5 A Yes.

6 Q Do you know if J. B. Johnson owns a cabin  
7 in that area off of Red Bird Road?

8 A I don't know.

9 Q Does the name Bill Nighbert mean anything  
10 to you?

11 A No.

12 Q Okay. I think earlier when I asked you a question  
13 whether you have any knowledge about the power line  
14 that was run off of Red Bird Road, you said yes you  
15 do, is that correct?

16 A No, I do not.

17 Q Oh, you don't have any knowledge at all?  
18 Okay, I'm sorry, I misunderstood, okay.  
19 And do you know who--do you know anything  
20 about J. B. Johnson's occupational  
21 background?

22 A No.

23 Q Did he ever do any work for CVE?

24 A I think he may have.

25 Q Do you know what that might have been?

1 A He may have been our attorney.

2 Q Okay. So J. B. Johnson is an attorney to

3 the best of your knowledge?

4 A I don't think he is now.

5 Q Oh, okay. Is he still alive?

6 A I think.

7 Q Okay. Do you know whereabouts he lives?

8 A Williamsburg, the best of my knowledge.

9 Q You wouldn't happen to know his address,

10 would you?

11 A No, I do not.

12 Q Do you know anything about the lying of an

13 underground line to the Whitley County School

14 System?

15 A No.

16 Q Have you ever laid underground lines

17 or...

18 A Yes.

19 Q ...been involved with servicing them?

20 A Yes.

21 Q Okay. Are you familiar with the Whitley

22 County School System building?

23 A No.

24 Q Okay. In the course of your employment

25 with CVE have you ever learned of any

1 lines being laid which were not  
2 necessary?  
3 A No.  
4 Q Okay. In the course of your career at  
5 CVE did you learn of any other work that  
6 CVE conducted that may not have been  
7 necessary?  
8 A No, not to my knowledge.  
9 q Have you ever attended a CVE annual  
10 meeting?  
11 A Yes.  
12 Q When was that?  
13 A Last year.  
14 Q Okay. Were you present for the board of directors  
15 election?  
16 A No.  
17 Q When you were there at the CVE annual meeting did  
18 you hear any announcements made that it was time  
19 for the board of directors election?  
20 A No.  
21 Q Did you see any ballot boxes made  
22 available to receive the CVE members'  
23 ballots?  
24 A No.  
25 Q Do you have any recollection about a

1 truck that CVE formerly owned, it was  
2 called CVE truck No. 61?  
3 A No, not that I can--no, not that I can think of.  
4 Q Have you ever seen a truck that CVE used  
5 to own which came onto CVE's premises  
6 after CVE had sold it? Did you  
7 understand my question?  
8 A Yes.  
9 Q Okay. So is your answer yes you had seen  
10 one?  
11 A Yes, I--we auction them off and people come in and  
12 use them.  
13 Q Okay. And do you know who owned that  
14 vehicle, who bought that vehicle?  
15 A I don't know, it's...  
16 Q Do you know whether Elbert Hampton bought  
17 one of those vehicles?  
18 A I don't know.  
19 Q Okay. Do you have any knowledge of any  
20 instances in which the company added  
21 money to work projects?  
22 A No.  
23 Q Are there other relatives of Ted  
24 Hampton's who either currently work at  
25 CVE or ever have worked there? We have

1                   discussed Elbert, and I think you had  
2                   mentioned Karen. And we have discussed  
3                   John Rex, although he was not an employee  
4                   to the best of your knowledge.  
5        Q            Yes, there's Jay.  
6        Q            Jay? Does he go by the name of William  
7                   also?  
8        A            Yes.  
9        Q            Okay. Any other relatives there?  
10       A            Not that I can think of.  
11       Q            Okay. During the course of your  
12                   employment with CVE did anyone ever ask  
13                   you to do anything that you questioned or  
14                   gave you cause for concern?  
15       A            No.  
16       Q            Have you heard of CVE being referred to  
17                   as Hampton Valley?  
18       A            Yes.  
19       Q            Okay. And how--in what context did you  
20                   hear that?  
21       A            We was at a ice storm and somebody just mentioned  
22                   it.  
23       Q            Was that another CVE employee?  
24       A            No, I don't think it was. It was...  
25       Q            A customer?

1 A No. He--seem like he might deliver material or  
2 something.  
3 Q Okay, okay. So you think he may have  
4 been a contractor?  
5 A No. No, just like a truck driver.  
6 Q Oh, okay. Alright. Is there any concern  
7 that you wanted to share with us today?  
8 A No.  
9 Q I think earlier when I asked you if you had seen  
10 semi trucks parked at CVE, I think you said yes you  
11 have. Do you know when, about when that was?  
12 A No, I never seen none parked there. There are semi  
13 come off 25 there all the time.  
14 Q Okay.  
15 A I've actually never seen one parked.  
16 Q Do they park them there to pull--to turn  
17 around, is that what they...  
18 A Yes.  
19 Q ...use it as a turn-around?  
20 A Yes.  
21 Q So you had never seen any semis parked  
22 there?  
23 A No, I haven't.  
24 Q Were you aware of an incident in which  
25 John Rex Hampton was injured by a truck

1 running over him?

2 A I'd heard about it.

3 Q Okay. And that was a truck that was not  
4 owned by CVE, is that correct?

5 A I'm not for sure. I just know that he had hurt his  
6 leg, that's the only thing I heard.

7 Q Were you there on the premises when this  
8 happened?

9 A No.

10 Q Okay. And most of the time you spend out in the  
11 field, is that correct?

12 A Uh-huh.

13 MR. COOK: Okay. That's all I have right  
14 now. I think some of these other  
15 attorneys might have some questions for  
16 you.

17 CROSS EXAMINATION BY MR. HAUSER:

18 Q A few questions here, John. Part of your work as a  
19 serviceman is to--the lines go down is to get the  
20 lines, electricity back up, is that not correct?

21 A That's right, yes.

22 Q Are you aware of what Cumberland Valley's  
23 reputation is in terms of getting--  
24 getting the lines back operable when a  
25 storm hits, limbs blown over, whatever it

1 is?

2 A Yes.

3 Q What is that?

4 A It's usually very good.

5 Q Is that something that you take pride in

6 as a Cumberland Valley employee?

7 A Yes.

8 q Do you know anything about the rates that

9 Cumberland Valley charges its customers?

10 A No.

11 Q Do you know anything about the reputation

12 of the rates, how it compares to other

13 co-ops throughout the state of Kentucky?

14 A I just know it's very small.

15 Q You mean very small, you mean lower...

16 A Yes.

17 Q Lowest--lower rates?

18 A Yes.

19 Q Is that something else that you take

20 pride in as an employee of Cumberland

21 Valley Electric?

22 A Yes.

23 Q You mentioned a discussion about Knox

24 Auto Parts. Let me ask you this. Has

25 there ever been a time in your life that

- 1                   you did not know that a Knox Auto Parts  
2                   existed?
- 3    A               No.
- 4    Q               Always been at the same location of the  
5                   Court Square?
- 6    A               Yes.
- 7    Q               Here in Barbourville? And do you know  
8                   the name of a fellow named Mr. Ski  
9                   Sutton, have you ever heard that name?
- 10   A               No, I haven't.
- 11   Q               To your knowledge is Knox Auto Parts  
12                   operational today, still...
- 13   A               Yes.
- 14   Q               Still operational? And what does it  
15                   sell? What does Knox Auto Parts sell,  
16                   other--it's by the name auto parts, but  
17                   now, does it sell things beyond just auto  
18                   parts?
- 19   A               Yes.
- 20   Q               Tell us what that is.
- 21   A               Plumbing...
- 22   Q               That you know.
- 23   A               Plumbing, uh, about anything you'd need. Plumbing,  
24                   auto parts.
- 25   Q               Is it a hardware store too?

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A Yes.

Q Can you go in there and get different types of bolts and screws and things like that?

A Yes.

MR. HAUSER: That's the only questions I have.

MS. MITCHELL: I have no questions.

MR. HOWARD: Very good, thank you, sir.

MR. COOK: Thank you very much.

(Deposition adjourned at 2:20 p.m.)

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STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

Virginia Bunch  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF JOHN FERGUSON

\*\*\*\*\*

The deposition of JOHN FERGUSON was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 1:50 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\*\*\*\*\*
VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 JOHN FERGUSON, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you state your name and address for the
5 record?
6 A John Steven Ferguson.
7 Q Alright. And how do you spell your last
8 name?
9 A F-e-r-g-u-s-o-n.
10 Q Okay, and your middle name was Stevens?
11 A Steven.
12 Q Spell that.
13 A S-t-e-v-e-n.
14 Q Very good, okay. Mr. Ferguson, my name is
15 Larry Cook. I'm with the Attorney
16 General's Office, the Office of Rate
17 Intervention. This is my boss, Dennis
18 Howard, he's in the same office. And
19 then we'll have the other people
20 introduce themselves to you.
21 MS. MITCHELL: I'm Anita Mitchell from
22 the Public Service Commission.
23 MS. EDWARDS: I'm Andrea Edwards with the
24 Public Service Commission.
25 MR. RUSSELL: Elie Russell, Public

Elie Russell; from Cumberland Valley Electric Mr. Ted Hampton and Mr. James Adkins.

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I N D E X

WITNESS: PAGE:
JOHN FERGUSON:
Direct examination by Mr. Cook: 3-30
Cross examination by Mr. Hauser: 30-33
Reporter's Certificate: 34

1 Service Commission.
2 MR. HAUSER: You probably know Mr.
3 Hampton, but this is Mr. Adkins, Jim
4 Adkins. I'm Pat Hauser. You probably
5 know who I am too.
6 MR. HOWARD: And we also have Darvin
7 Sebastian from our--from the Attorney
8 General's Office as well.
9 Q Alright. Mr. Ferguson, as you probably
10 know, Cumberland Valley, your employer,
11 has filed for a rate increase with the
12 Public Service Commission.
13 A Yes.
14 Q In regards--and in the course of this
15 deposition I'm going to refer to
16 Cumberland Valley as CVE just for
17 purposes of brevity, okay?
18 A Okay.
19 Q We're conducting this deposition to ask
20 questions about CVE's business practices.
21 If you don't understand a question when I
22 ask it, just speak up and I'll try to
23 rephrase it or repeat it so that you can
24 understand it. Otherwise we'll assume
25 that you did understand the question,

1 okay? Now, from time to time the other  
 2 attorneys here might assert an objection  
 3 to anything, and the court reporter will  
 4 take down their objection, but after  
 5 they're finished with their objection you  
 6 can go ahead and answer the question,  
 7 okay? Another thing too, when you give  
 8 your testimony in a deposition, if you--  
 9 if you're like me, you want to nod your  
 10 head or shake your head yes or no, but  
 11 you have to say yes or no so it will come  
 12 across on the transcript that she's going  
 13 to prepare.  
 14 A Okay.  
 15 Q Okay? We appreciate you coming down. Do  
 16 you realize that you're under oath?  
 17 A Yes.  
 18 Q Okay. Are you taking any medications or  
 19 any other substance that would either  
 20 prevent you from providing honest and  
 21 accurate answers today or which might  
 22 interfere with your recollection?  
 23 A No.  
 24 Q Okay. Is your presence here today in  
 25 response to a subpoena that was served on

1 A No.  
 2 Q Okay. Are you in fear of losing your job or any  
 3 other adverse consequences if you should provide  
 4 truthful answers to these questions?  
 5 A No.  
 6 Q Okay. You stated that you're a lineman, is that  
 7 right?  
 8 A Serviceman.  
 9 Q Serviceman, I'm sorry. Have you ever  
 10 performed any work for CVE in any other  
 11 capacity?  
 12 A No, I haven't.  
 13 Q Okay. During the course of your  
 14 employment at CVE did you have  
 15 opportunity to work with other CVE  
 16 employees?  
 17 A Yes.  
 18 Q Okay.  
 19 A At...  
 20 Q Go ahead.  
 21 A Different co-ops or...  
 22 Q At CVE.  
 23 A Yes, I've worked with different people.  
 24 Q Okay, could you tell us with who, with  
 25 whom you worked?

1 you to compel your testimony?  
 2 A Yes.  
 3 Q Okay, alright. Could you tell us about  
 4 your educational background?  
 5 A I graduated from Knox Central High School.  
 6 Q Alrighty. Are you currently employed?  
 7 A Yes.  
 8 Q And where are you employed?  
 9 A Cumberland Valley Electric.  
 10 Q In what capacity?  
 11 A I'm a serviceman.  
 12 Q Okay, what do you do as a serviceman?  
 13 A I do disconnects--disconnect--or disconnects-  
 14 connects, flood lights, I work on trouble, just a  
 15 little of everything.  
 16 Q Okay, I understand. Has Ted Hampton or  
 17 anybody else at the company approached  
 18 you about your answers to the questions  
 19 that we're going to pose to you today?  
 20 A No.  
 21 Q Okay. Has Mr. Hampton or anyone else at  
 22 the company either directly stated or in  
 23 any way insinuated that you should have  
 24 amnesia or be forgetful about anything  
 25 that we ask you about?

1 A I worked with about everybody, Dennis Hart, Dave  
 2 Taylor, Gary Brock, everybody that's there, worked  
 3 there.  
 4 Q Yeah, how long have you worked there at  
 5 CVE?  
 6 A Since '98.  
 7 Q Okay, so that's what, seven years,  
 8 thereabouts?  
 9 A Yes.  
 10 Q So during seven years, if I understand  
 11 you correctly, you had ample opportunity  
 12 to work with most of the people there?  
 13 A Yeah, besides the office...  
 14 Q Okay.  
 15 A ...people.  
 16 Q Right.  
 17 A Which I talk to them and...  
 18 Q So you're out in the field most of the  
 19 time, am I correct in that?  
 20 A Yes.  
 21 Q Okay. Have you had opportunity to work  
 22 with Ted Hampton too?  
 23 A Yes.  
 24 Q Okay, alright. During the course of your  
 25 employment at CVE did you have any

Page 9		Page 11	
1	opportunity to learn of an individual	1 Q	You don't know if it's like by the job, monthly or
2	named Ken Lay?	2	hourly or weekly?
3 A	I know Kenneth.	3 A	I don't know.
4 Q	Oh, you know him? How do you know him?	4 Q	Okay. Yeah, I appreciate it if you don't
5 A	Just he's our right-of-way man.	5	know, we appreciate your saying so. That
6 Q	Okay, alright. Was Ken Lay an employee at CVE	6	helps us out a lot. Do you know whether
7	during the time that you worked there?	7	Mr. Lay and his company provide the
8 A	No.	8	equipment that they use to perform the
9 Q	Okay, was he ever a CVE employee?	9	services for CVE?
10 A	He may have been. Seem like he has been.	10 A	I'm not for sure.
11 Q	Okay, alright.	11 Q	Okay. Have you ever heard of a business
12 A	Long before I was there.	12	called C&C Automotive Center?
13 Q	Do you know whether Mr. Lay owns a	13 A	No, I haven't.
14	business?	14 Q	Do you have any knowledge about CVE's
15 A	I know he has men work for him.	15	bidding practices, you know, when it puts
16 Q	Okay, alright. So is it your	16	a job out for bid, do you have any
17	understanding that, at least to the	17	knowledge about that?
18	extent of your knowledge, that Mr. Lay	18 A	No, I do not.
19	supervises people who work for him, is	19 Q	Okay. Do you know who at CVE is
20	that correct?	20	responsible for handling business
21 A	Yes.	21	operations with right-of-way contractors?
22 Q	Okay. Do you know the name of his	22 A	No. I mean...
23	business?	23 Q	That's fine, if you don't know just go right ahead
24 A	Lay Tree and--Lay Tree & Debris or...	24	and say so then. In the course of your work at CVE
25 Q	Something like that?	25	was there any particular piece of equipment that
Page 10		Page 12	
1 A	Uh-huh.	1	has come to your attention?
2 Q	Okay, but his name is in the company	2 A	No.
3	names to your knowledge?	3 Q	Have you ever heard of CVE owning a
4 A	I think. Now, I haven't never even seen a card or	4	bulldozer?
5	nothing.	5 A	Yes.
6 Q	Okay, alright, just by verbal	6 Q	Okay. And have you seen CVE employees
7	understanding?	7	using that bulldozer?
8 A	Yes.	8 A	Yes.
9 Q	I understand, okay. And does Mr. Lay's	9 Q	Okay, and have you seen any of CVE's
10	company do any work for CVE?	10	contractors using that bulldozer?
11 A	Yes.	11 A	No.
12 Q	Okay, and I think you said earlier that	12 Q	Was the bulldozer rigged to also pull a
13	they do the right-of-way work, is that	13	bush-hog?
14	right?	14 A	Yes.
15 A	Yes.	15 Q	Okay. And do you know who does the bush-
16 Q	And what does that consist of?	16	hogging?
17 A	Cutting trees, brush around the power lines,	17 A	It's--I think we have one dozer and--who operates
18	cleaning up brush, trimming trees, of that nature.	18	the machinery?
19 Q	Okay. Do you have any knowledge about	19 A	Yes, that's my question.
20	the billing arrangements between Mr. Lay	20 A	It's...
21	and CVE?	21 Q	Well, if you don't know...
22 A	No.	22 A	I can't think of his name.
23 Q	Do you know the basis of how Mr. Lay is	23 Q	Okay. So you have never seen any CVE
24	paid for his services?	24	contractors using the bulldozer?
25 A	I have no--no.	25 A	No.

1 Q Okay. Do you know who Ronnie Corey is?  
 2 A Yes.  
 3 Q How did you come to know Ronnie Corey?  
 4 A I worked for him.  
 5 Q So does Ronnie Corey own a business?  
 6 A Yes.  
 7 Q What's the name of that business?  
 8 A Five-C Construction.  
 9 Q Is Ronnie Corey a friend of Ted  
 10 Hampton's?  
 11 A Yes.  
 12 Q Alright. Does Five-C do any business  
 13 with CVE?  
 14 A Yes.  
 15 Q Do you know who sold the bulldozer to  
 16 CVE?  
 17 A No.  
 18 Q Okay. Do you know who the accountant is  
 19 for Five-C Construction?  
 20 A I'm not for sure.  
 21 Q Okay. Do you know who Kenneth Bryant is?  
 22 A Kenneth Bryant? No, I do not.  
 23 Q Have you ever heard that last name,  
 24 Bryant?  
 25 A Yes.

1 A Karen Hampton.  
 2 Q Does she work at CVE?  
 3 A Yes.  
 4 Q In what capacity?  
 5 A She just makes our checks, that's all--that's all I  
 6 know.  
 7 Q She issues checks?  
 8 A Yes.  
 9 Q Okay. Do you know whether John Rex  
 10 Hampton has at anytime ever worked for  
 11 CVE?  
 12 A Not to my knowledge.  
 13 Q Okay. Do you know whether John Rex Hampton at  
 14 anytime worked on any CVE vehicles?  
 15 A Not to my knowledge.  
 16 Q Do you know whether John Rex Hampton has  
 17 ever done any work for CVE?  
 18 A No.  
 19 Q You don't know if he has?  
 20 A I don't--I don't know.  
 21 Q Okay, I understand. In the course of  
 22 your work there at CVE did you ever hear  
 23 of a company called SECC? It's four  
 24 letters, I don't know what it stands for.  
 25 SECC, have you ever heard of that

1 Q Is there a Bryant who works for CVE?  
 2 A Wayne.  
 3 Q Wayne, okay.  
 4 A He did.  
 5 Q Okay, is he retired from CVE?  
 6 A Yes.  
 7 Q What did he do for CVE?  
 8 A Bookkeeper as far as I know.  
 9 Q Okay, alright. But he was an office  
 10 person?  
 11 A Yes.  
 12 Q Okay, so you probably would not have much  
 13 of a chance to work with him...  
 14 A No.  
 15 Q ...is that correct? I understand. Have  
 16 you heard of someone named John Rex  
 17 Hampton?  
 18 A Yes.  
 19 Q Is he related to Ted Hampton?  
 20 A Yes.  
 21 Q Is John Rex Hampton married?  
 22 A Yes.  
 23 Q Do you know his wife's name?  
 24 A Yes.  
 25 Q What is his wife's name?

1 company?  
 2 A No, I have not.  
 3 Q Okay. Have you ever heard of a company  
 4 called Southeast Petroleum?  
 5 A No.  
 6 Q Okay. Do you have any knowledge of  
 7 companies with whom CVE may have  
 8 contracted to obtain bulk fuel?  
 9 A GM's the only one I know.  
 10 Q GM, General Motors? Oh, G&M?  
 11 A Yeah, G&M.  
 12 Q Oh, okay. Have you ever heard of a company called  
 13 Southeast Petro Mart?  
 14 A No, I haven't.  
 15 Q Do you have any knowledge about whether  
 16 CVE ever placed bids to--before they  
 17 purchased bulk fuel?  
 18 A No.  
 19 Q Okay, you don't know?  
 20 A No, I--I don't know.  
 21 Q Have you ever heard of a company called  
 22 Southeast Transport?  
 23 A No.  
 24 Q Have you ever seen any semi trucks at  
 25 CVE?

1 A No.  
 2 Q Never have?  
 3 A I've seen them there, and...  
 4 Q Do you know what they were doing there?  
 5 A No, I don't know what they were doing.  
 6 Q Okay. Did you ever see any company name  
 7 on the side of the tractor part of the  
 8 truck?  
 9 A No.  
 10 Q Or the trailer? Okay. Did you ever see  
 11 any people inside the company offices who  
 12 were not CVE employees? Like truck  
 13 drivers, people who drove those trucks?  
 14 A I've seen some people there, yes.  
 15 Q Okay. Do you have any idea what they  
 16 were doing there?  
 17 A No.  
 18 Q Okay, I understand. Have you ever heard  
 19 of a company called Knox Auto Parts?  
 20 A Yes.  
 21 Q Okay, how did you come to hear about that  
 22 company?  
 23 A I traded a lot with them for a long time.  
 24 Q Okay.  
 25 A Me and my father.

1 Q Alright.  
 2 A Maybe not.  
 3 Q Do you know whether Knox Auto Parts ever did any  
 4 business with CVE?  
 5 A I don't know.  
 6 Q Okay. Did you ever run across any bills from Knox  
 7 Auto Parts?  
 8 A No.  
 9 Q Do you know anything about an individual named  
 10 Steve Hampton?  
 11 A Yes.  
 12 Q How did you run across him?  
 13 A I went to school with him.  
 14 Q Okay.  
 15 A Worked together.  
 16 Q And is he any relation to Ted Hampton?  
 17 A Yes.  
 18 Q Okay, do you know what kind of relation  
 19 he is?  
 20 A Nephew.  
 21 Q Alright. Did Steve Hampton ever work at Knox Auto  
 22 Parts?  
 23 A I think so.  
 24 q Okay. Do you know what kind of role he  
 25 played there?

1 Q Okay. So you have done some personal  
 2 business with them, is that correct?  
 3 A Yes.  
 4 Q Okay. And do you know about when you  
 5 started doing business with them?  
 6 A Shoo.  
 7 Q It's been a long time?  
 8 A Yeah.  
 9 Q Okay. Do you know who ran Knox Auto  
 10 Parts?  
 11 A Pardon?  
 12 Q Do you know who ran that company, Knox Auto Parts?  
 13 MR. HAUSER: When? When?  
 14 MR. COOK: Well, first I'm going to ask  
 15 him if he knows who ran it...  
 16 MR. HAUSER: Oh, okay, I'm just talking  
 17 about when.  
 18 Q Do you know who ran that company?  
 19 A Yes.  
 20 Q Okay, who?  
 21 A I think that John Rex may have.  
 22 Q Okay, alright. And do you know when he ran it,  
 23 approximate times?  
 24 A I'd say it's been longer than six or seven years  
 25 ago, maybe longer.

1 A No, I do not.  
 2 Q Alright. Do you have any knowledge of  
 3 where CVE keeps its records, business  
 4 records?  
 5 A No, I do not.  
 6 Q And have you heard of an individual named  
 7 Elbert Hampton?  
 8 A Yes.  
 9 Q What is his relationship with Ted  
 10 Hampton?  
 11 A They're brothers.  
 12 Q Okay. Is Elbert on the CVE board of  
 13 directors?  
 14 A Yes.  
 15 Q Do you know when he came on the board of  
 16 directors?  
 17 A It's been a couple of year.  
 18 Q Couple of years, okay. Do you know  
 19 whether Elbert Hampton did any work with  
 20 Knox Auto Parts?  
 21 A I don't know.  
 22 Q Do you know whether Elbert Hampton was  
 23 ever involved in any other businesses?  
 24 A No, not that I...  
 25 Q You don't know?

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1 A I don't know.  
 2 Q Okay. Do you know whether Elbert was  
 3 ever an employee of CVE, Elbert Hampton?  
 4 A Yes.  
 5 Q So he was?  
 6 A Yes.  
 7 Q Okay. And do you know what he did for  
 8 CVE?  
 9 A He was line superintendent.  
 10 Q Okay, and do you know how long he was in that  
 11 position?  
 12 A Long time.  
 13 Q Long time?  
 14 A Forty years or better.  
 15 Q Okay. Do you know if Elbert was ever an  
 16 employee at the same time that he was on  
 17 the board of directors?  
 18 A No.  
 19 Q You don't know?  
 20 A Read it to me again.  
 21 Q Do you know whether Elbert was ever an employee of  
 22 CVE at the same time that he was on the board of  
 23 directors?  
 24 A Not to my knowledge, he was--he wasn't.  
 25 Q Not to your knowledge? Have you ever

1 anything to you?  
 2 A Yes.  
 3 Q Is he involved with Hubbs Creek, is he  
 4 Steve's father-in-law?  
 5 A No.  
 6 Q Okay. Is he any kind of relation by  
 7 marriage or...  
 8 A Yes.  
 9 Q ...blood? Do you know what that relationship is?  
 10 A He is married to Terry's--Terry's brother's  
 11 daughter.  
 12 Q Okay, alright. Do you know why Hubbs  
 13 Creek is doing mechanical work on CVE  
 14 trucks when CVE has a full-time mechanic?  
 15 A No.  
 16 Q Have you ever heard of a business called Air Gas?  
 17 A No, I haven't.  
 18 Q Do you have any knowledge regarding a  
 19 power line that was run to a cabin off of  
 20 Red Bird Road?  
 21 A No.  
 22 Q Does the name J. B. Johnson mean anything to you?  
 23 A I know him.  
 24 Q How do you know him?  
 25 A He used to talk to my dad sometimes. They was

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1 seen or otherwise learned of Elbert  
 2 Hampton filling his personal vehicle with  
 3 CVE gasoline?  
 4 A No.  
 5 Q Have you ever seen Elbert Hampton leaving the CVE  
 6 warehouse with his arms full of materials and  
 7 placing them into his personal vehicle?  
 8 A No, I haven't.  
 9 Q Have you heard of a business named Hubbs  
 10 Creek?  
 11 A Yes.  
 12 Q How did you come across that business?  
 13 A It's my neighbors.  
 14 Q So there next to your house?  
 15 A Yes.  
 16 Q Okay. So what kind of business does  
 17 Hubbs Creek do with CVE?  
 18 A Mechanic.  
 19 Q Okay. So they do mechanical work on CVE  
 20 vehicles, is that correct?  
 21 A Sometimes.  
 22 Q Do Steve Hampton's in-laws own or operate  
 23 Hubbs Creek?  
 24 A Yes.  
 25 Q Does the name Terry McCreary mean

1 acquaintances, I just know him from meeting him,  
 2 talking to my father.  
 3 Q So is it fair to say that he was a friend  
 4 of your father's?  
 5 A Yes.  
 6 Q Do you know if J. B. Johnson owns a cabin  
 7 in that area off of Red Bird Road?  
 8 A I don't know.  
 9 Q Does the name Bill Nighbert mean anything  
 10 to you?  
 11 A No.  
 12 Q Okay. I think earlier when I asked you a question  
 13 whether you have any knowledge about the power line  
 14 that was run off of Red Bird Road, you said yes you  
 15 do, is that correct?  
 16 A No, I do not.  
 17 Q Oh, you don't have any knowledge at all?  
 18 Okay, I'm sorry, I misunderstood, okay.  
 19 And do you know who--do you know anything  
 20 about J. B. Johnson's occupational  
 21 background?  
 22 A No.  
 23 Q Did he ever do any work for CVE?  
 24 A I think he may have.  
 25 Q Do you know what that might have been?

1 A He may have been our attorney.  
 2 Q Okay. So J. B. Johnson is an attorney to  
 3 the best of your knowledge?  
 4 A I don't think he is now.  
 5 Q Oh, okay. Is he still alive?  
 6 A I think.  
 7 Q Okay. Do you know whereabouts he lives?  
 8 A Williamsburg, the best of my knowledge.  
 9 Q You wouldn't happen to know his address,  
 10 would you?  
 11 A No, I do not.  
 12 Q Do you know anything about the lying of an  
 13 underground line to the Whitley County School  
 14 System?  
 15 A No.  
 16 Q Have you ever laid underground lines  
 17 or...  
 18 A Yes.  
 19 Q ...been involved with servicing them?  
 20 A Yes.  
 21 Q Okay. Are you familiar with the Whitley  
 22 County School System building?  
 23 A No.  
 24 Q Okay. In the course of your employment  
 25 with CVE have you ever learned of any

1 truck that CVE formerly owned, it was  
 2 called CVE truck No. 61?  
 3 A No, not that I can--no, not that I can think of.  
 4 Q Have you ever seen a truck that CVE used  
 5 to own which came onto CVE's premises  
 6 after CVE had sold it? Did you  
 7 understand my question?  
 8 A Yes.  
 9 Q Okay. So is your answer yes you had seen  
 10 one?  
 11 A Yes, I--we auction them off and people come in and  
 12 use them.  
 13 Q Okay. And do you know who owned that  
 14 vehicle, who bought that vehicle?  
 15 A I don't know, it's...  
 16 Q Do you know whether Elbert Hampton bought  
 17 one of those vehicles?  
 18 A I don't know.  
 19 Q Okay. Do you have any knowledge of any  
 20 instances in which the company added  
 21 money to work projects?  
 22 A No.  
 23 Q Are there other relatives of Ted  
 24 Hampton's who either currently work at  
 25 CVE or ever have worked there? We have

1 lines being laid which were not  
 2 necessary?  
 3 A No.  
 4 Q Okay. In the course of your career at  
 5 CVE did you learn of any other work that  
 6 CVE conducted that may not have been  
 7 necessary?  
 8 A No, not to my knowledge.  
 9 q Have you ever attended a CVE annual  
 10 meeting?  
 11 A Yes.  
 12 Q When was that?  
 13 A Last year.  
 14 Q Okay. Were you present for the board of directors  
 15 election?  
 16 A No.  
 17 Q When you were there at the CVE annual meeting did  
 18 you hear any announcements made that it was time  
 19 for the board of directors election?  
 20 A No.  
 21 Q Did you see any ballot boxes made  
 22 available to receive the CVE members'  
 23 ballots?  
 24 A No.  
 25 Q Do you have any recollection about a

1 discussed Elbert, and I think you had  
 2 mentioned Karen. And we have discussed  
 3 John Rex, although he was not an employee  
 4 to the best of your knowledge.  
 5 Q Yes, there's Jay.  
 6 Q Jay? Does he go by the name of William  
 7 also?  
 8 A Yes.  
 9 Q Okay. Any other relatives there?  
 10 A Not that I can think of.  
 11 Q Okay. During the course of your  
 12 employment with CVE did anyone ever ask  
 13 you to do anything that you questioned or  
 14 gave you cause for concern?  
 15 A No.  
 16 Q Have you heard of CVE being referred to  
 17 as Hampton Valley?  
 18 A Yes.  
 19 Q Okay. And how--in what context did you  
 20 hear that?  
 21 A We was at a ice storm and somebody just mentioned  
 22 it.  
 23 Q Was that another CVE employee?  
 24 A No, I don't think it was. It was...  
 25 Q A customer?

1 A No. He--seem like he might deliver material or  
 2 something.  
 3 Q Okay, okay. So you think he may have  
 4 been a contractor?  
 5 A No. No, just like a truck driver.  
 6 Q Oh, okay. Alright. Is there any concern  
 7 that you wanted to share with us today?  
 8 A No.  
 9 Q I think earlier when I asked you if you had seen  
 10 semi trucks parked at CVE, I think you said yes you  
 11 have. Do you know when, about when that was?  
 12 A No, I never seen none parked there. There are semi  
 13 come off 25 there all the time.  
 14 Q Okay.  
 15 A I've actually never seen one parked.  
 16 Q Do they park them there to pull--to turn  
 17 around, is that what they...  
 18 A Yes.  
 19 Q ...use it as a turn-around?  
 20 A Yes.  
 21 Q So you had never seen any semis parked  
 22 there?  
 23 A No, I haven't.  
 24 Q Were you aware of an incident in which  
 25 John Rex Hampton was injured by a truck

1 is?  
 2 A Yes.  
 3 Q What is that?  
 4 A It's usually very good.  
 5 Q Is that something that you take pride in  
 6 as a Cumberland Valley employee?  
 7 A Yes.  
 8 Q Do you know anything about the rates that  
 9 Cumberland Valley charges its customers?  
 10 A No.  
 11 Q Do you know anything about the reputation  
 12 of the rates, how it compares to other  
 13 co-ops throughout the state of Kentucky?  
 14 A I just know it's very small.  
 15 Q You mean very small, you mean lower...  
 16 A Yes.  
 17 Q Lowest--lower rates?  
 18 A Yes.  
 19 Q Is that something else that you take  
 20 pride in as an employee of Cumberland  
 21 Valley Electric?  
 22 A Yes.  
 23 Q You mentioned a discussion about Knox  
 24 Auto Parts. Let me ask you this. Has  
 25 there ever been a time in your life that

1 running over him?  
 2 A I'd heard about it.  
 3 Q Okay. And that was a truck that was not  
 4 owned by CVE, is that correct?  
 5 A I'm not for sure. I just know that he had hurt his  
 6 leg, that's the only thing I heard.  
 7 Q Were you there on the premises when this  
 8 happened?  
 9 A No.  
 10 Q Okay. And most of the time you spend out in the  
 11 field, is that correct?  
 12 A Uh-huh.  
 13 MR. COOK: Okay. That's all I have right  
 14 now. I think some of these other  
 15 attorneys might have some questions for  
 16 you.  
 17 CROSS EXAMINATION BY MR. HAUSER:  
 18 Q A few questions here, John. Part of your work as a  
 19 serviceman is to--the lines go down is to get the  
 20 lines, electricity back up, is that not correct?  
 21 A That's right, yes.  
 22 Q Are you aware of what Cumberland Valley's  
 23 reputation is in terms of getting--  
 24 getting the lines back operable when a  
 25 storm hits, limbs blown over, whatever it

1 you did not know that a Knox Auto Parts  
 2 existed?  
 3 A No.  
 4 Q Always been at the same location of the  
 5 Court Square?  
 6 A Yes.  
 7 Q Here in Barbourville? And do you know  
 8 the name of a fellow named Mr. Ski  
 9 Sutton, have you ever heard that name?  
 10 A No, I haven't.  
 11 Q To your knowledge is Knox Auto Parts  
 12 operational today, still...  
 13 A Yes.  
 14 Q Still operational? And what does it  
 15 sell? What does Knox Auto Parts sell,  
 16 other--it's by the name auto parts, but  
 17 now, does it sell things beyond just auto  
 18 parts?  
 19 A Yes.  
 20 Q Tell us what that is.  
 21 A Plumbing...  
 22 Q That you know.  
 23 A Plumbing, uh, about anything you'd need. Plumbing,  
 24 auto parts.  
 25 Q Is it a hardware store too?

1 A Yes.  
 2 Q Can you go in there and get different  
 3 types of bolts and screws and things like  
 4 that?  
 5 A Yes.  
 6 MR. HAUSER: That's the only questions I  
 7 have.  
 8 MS. MITCHELL: I have no questions.  
 9 MR. HOWARD: Very good, thank you, sir.  
 10 MR. COOK: Thank you very much.  
 11 (Deposition adjourned at 2:20 p.m.)  
 12 \* \* \* \* \*

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1 STATE OF KENTUCKY  
 2  
 3 COUNTY OF KNOX  
 4  
 5 I, Virginia Bunch, the undersigned Notary Public  
 6 within and for the State of Kentucky at Large, do hereby  
 7 certify that the foregoing was heard before me on the date  
 8 and for the purpose as set out in the caption thereto; that  
 9 before testifying, the witness was, by me, duly sworn; that  
 10 his testimony was taken down in shorthand and later reduced  
 11 to typewriting, and the foregoing is a true and correct  
 12 transcript of my notes; that no written request having been  
 13 received by me, the deposition was not read or subscribed to  
 14 by the witness.  
 15 Given under my hand this \_\_\_\_\_ day of January,  
 16 2006.  
 17  
 18 \_\_\_\_\_  
 19 VIRGINIA BUNCH  
 20 NOTARY PUBLIC  
 21 STATE OF KENTUCKY AT LARGE  
 22  
 23 MY COMMISSION EXPIRES: May 30, 2008.  
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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF RANDALL CAMPBELL

\* \* \* \* \*

The deposition of RANDALL CAMPBELL was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 3:00 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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PUBLIC SERVICE  
COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

\* \* \* \* \*

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
<u>RANDALL CAMPBELL:</u>	
Direct examination by Mr. Cook:	3-36
Cross examination by Mr. Hauser:	37-46
Cross examination by Ms. Mitchell:	46-48
Redirect examination by Mr. Howard:	48-52
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1                    RANDALL CAMPBELL, having been first duly sworn by  
2 the undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q                    Could you spell your name for the court reporter?

5 A                    R-a-n-d-a-l-l, C-a-m-p-b-e-l-l.

6 Q                    Great. Mr. Campbell, my name is Larry  
7 Cook. I'm with the Attorney General,  
8 Office of Rate Intervention. This, to my  
9 right here, this gentleman is Dennis  
10 Howard, he's my boss.

11 A                    Okay.

12 Q                    And I'm going to let the other people  
13 here introduce themselves to you.

14                                MS. MITCHELL: I'm Anita Mitchell from  
15 the Public Service Commission.

16                                MS. EDWARDS: Andrea Edwards with the  
17 Public Service Commission.

18                                MR. RUSSELL: Elie Russell with the  
19 Kentucky Public Service Commission.

20                                MR. HAUSER: You know Mr. Hampton and Pat  
21 Hauser.

22 Q                    And this gentleman back here is also with our  
23 office.

24                                MR. HOWARD: Darvin Sebastian.

25 Q                    Alright, Mr. Campbell, as you know I think, your

1 company has filed for a rate increase with the  
2 Public Service Commission. So the reason we're  
3 down here today is to ask questions about CVE's  
4 business practices. And by the way, I'm going to  
5 call Cumberland Valley CVE during the course of our  
6 talk here today.

7 A Okay.

8 Q Now, if you don't understand a question  
9 feel free to ask me to repeat it or I'll  
10 rephrase it. Otherwise, we'll assume  
11 that you do understand the question.

12 Okay?

13 A Okay.

14 Q Also, have you ever given a deposition  
15 before?

16 A No, not that I--not that I know of.

17 Q That's alright.

18 A It's all new to me.

19 Q That's okay. When you speak, if you're  
20 like me sometimes you want to either nod  
21 your head or shake your head or something  
22 like that or otherwise use body language.  
23 The only problem is that body language  
24 cannot be translated, so you have to say  
25 yes or no or kind of explain yourself.

1 A Okay.

2 Q Okay? Alright. Now, I'm going to ask  
3 you some questions and then the other  
4 attorneys may ask you questions also.  
5 And during--during our examination of you  
6 here while you're under oath, some of the  
7 attorneys might have an objection, and if  
8 they do have an objection the court  
9 reporter has to write it down. But after  
10 they're finished voicing their objection  
11 you can go ahead and answer the question.

12 A Okay.

13 Q Alright. Okay, we'll go ahead and get started.

14 A Okay.

15 Q Okay, do you realize you're under oath?

16 A Yes, I do.

17 Q Okay, Mr. Campbell, are you taking any kind of  
18 medications or any other substance that could  
19 prevent you from providing honest and accurate  
20 answers today or that might interfere with your  
21 recollection?

22 A Gee, I don't know, I'm taking a handful of medicine  
23 every day.

24 Q Okay, I understand.

25 A I don't know what it does. It keeps my blood

1 pressure down, my gout down and, you know...

2 Q I understand.

3 A ...different things, you know, so I don't really--

4 not that I know of.

5 Q Okay, not that you--that's all we need to

6 know, okay, alright. Now, is your coming

7 here today, is that in response to a

8 subpoena that was served upon you to

9 compel your testimony?

10 A That's right.

11 Q I understand. Could you tell us about your

12 educational background?

13 A I finished high school.

14 Q And where was that?

15 A Knox Central.

16 Q Alright. And are you currently employed?

17 A Cumberland Valley.

18 Q Okay, in what capacity?

19 A Assistant engineer.

20 Q Okay. And what do you do in that capacity?

21 A I'm a staking engineer, I go out and stake the

22 power lines, spot meter posts for trailers, spot

23 houses, electric boxes for houses and things like

24 that.

25 Q Okay. And what does staking involve?

1 A Just--well, a whole lot of paperwork anymore and  
2 plotting it on the maps and going out and actually  
3 putting the flags in where the poles goes.

4 Q I understand, okay. Has anybody from  
5 Cumberland Valley approached you about  
6 your answers to us here today?

7 A No, sir.

8 Q Okay. Has anyone from Cumberland Valley,  
9 from the company, either directly or  
10 indirectly, told you that you should be  
11 forgetful or have amnesia or something  
12 like that?

13 A No, sir.

14 Q So are you--do you have any concern of losing your  
15 job if you should provide truthful answers to our  
16 questions today?

17 A Not--no, I don't.

18 Q Okay.

19 A I think they've always treated me fair here. You  
20 know, I've never...

21 Q Okay.

22 A You know. I don't have--no.

23 Q Alright. Now, have you ever performed  
24 any work for CVE in any prior capacity  
25 before you did staking?

1 A Right-of-way, I worked three years on right-of-way.  
2 Q Okay. When was that?  
3 A Well, in '71 and '72 and I guess part of '73.  
4 Q Okay, so was '71 about the date you  
5 started working for CVE?  
6 A Yeah, it was my date of hire, was June '71 I  
7 believe.  
8 Q That's a long time.  
9 A Yeah.  
10 Q When you started working for CVE you said  
11 that you did right-of-way work. Was  
12 right-of-way work performed generally by  
13 CVE at that time?  
14 A At that time it was, yeah. It was all contract  
15 work then, you know. Actually it was all company,  
16 you know, we worked for the company.  
17 Q Okay.  
18 A It wasn't like a contractor, it was--we worked  
19 directly for the company.  
20 Q During the course of your employment with  
21 CVE have you had any opportunity to work  
22 with other CVE employees?  
23 A Oh, yeah, we work together, we're a group. We...  
24 Q Okay.  
25 A We get along and work well together.

1 Q I understand. Okay. Did you include--  
2 does that also include having worked with  
3 Mr. Ted Hampton?  
4 A Yes, sir.  
5 Q Okay. During the course of your work at  
6 CVE have you had any opportunity to learn  
7 of a man named Ken Lay?  
8 A Yes, I know Kenneth Lay.  
9 Q Okay. How do you know him?  
10 A He's a--he does our right-of-way, and then he  
11 worked with the company at one time, a long time  
12 ago.  
13 Q Okay. Does Ken Lay own a company?  
14 A Uh-huh.  
15 Q And do you know the name of that company?  
16 A Lay Tree & Brush I believe.  
17 Q Okay. Do you know whether CVE does any  
18 work with Ken Lay's company?  
19 A Yeah, he works for Cumberland Valley.  
20 Q Okay, alright. And what exactly does Lay  
21 Tree & Brush do for the company?  
22 A He clears--they clear right-of-way. His crews  
23 clears right-of-ways on our lines.  
24 Q Do you know anything about any billing arrangements  
25 between Mr. Lay's company and CVE?

1 A No, I don't know nothing about it.

2 Q Okay, alright. Do you know whether Mr.  
3 Lay and his company provide the equipment  
4 that they use to perform the services for  
5 CVE?

6 A I don't really know. I just--I've heard that we  
7 furnish the stuff and he furnishes the labor. Now,  
8 that's what I've heard, so.

9 Q Okay.

10 A That's as much as I know about that. I don't  
11 really know. I'm not in the billing part of it and  
12 I don't really know how it works. I just mostly do  
13 the staking out there, and I know how that works,  
14 you know.

15 Q Okay, sure.

16 Q But I don't know everybody else's job  
17 though.

18 Q So if I understand correctly, you're out  
19 in the field a lot?

20 A About half the time. Probably 60 percent of the  
21 time probably.

22 Q Okay, I understand. Have you ever heard  
23 of a company that's called C&C Automotive  
24 Center?

25 A C&C Automotive Center?

- 1 Q Yeah.
- 2 A I don't--no, not C&C Automotive, I don't know what  
3 that is.
- 4 Q Okay, alright, that's okay. Yeah, I  
5 appreciate you speaking up. If you don't  
6 know, that's perfectly fine.
- 7 A I don't know.
- 8 Q We understand. And do you have any  
9 knowledge regarding CVE's bidding  
10 practices, like when they put any job out  
11 for bids?
- 12 A No, I don't. I don't know when they put it or if  
13 they put it out, I don't know.
- 14 Q Okay, I understand. Do you know who at  
15 CVE was responsible for handling business  
16 operations with right-of-way contractors?
- 17 A No, I don't.
- 18 Q Okay. In the course of your work at CVE did you  
19 learn of CVE purchasing a bulldozer?
- 20 A Yeah, I believe we've got a bulldozer.
- 21 Q Okay.
- 22 A You know, I believe we do.
- 23 Q Do you have any idea how much that bulldozer cost?
- 24 A I ain't got a clue.
- 25 Q Okay. Do you know from whom CVE

1 purchased that bulldozer?  
2 A No, I don't.  
3 Q Okay. Have you heard of a gentleman  
4 named Ronnie Corey?  
5 A Yeah, I know Ronnie Corey.  
6 Q How'd you come to know him?  
7 A He's my neighbor.  
8 Q Oh, okay. Did Ronnie Corey's father once  
9 serve on the CVE board of directors?  
10 A Yes, he did.  
11 Q What was his father's name?  
12 A Harry Corey.  
13 Q Okay. And does Ronnie Corey do any  
14 business with CVE?  
15 A He's got the two crews that works for us I believe.  
16 Q Okay. Do you know the name of his  
17 company?  
18 A I believe Five-C Construction.  
19 Q Okay. Do you know who the accountant was  
20 for Five-C?  
21 A No, not really. I don't know.  
22 Q Okay, I understand. And do you know who  
23 the accountant for CVE was?  
24 A That would be Wayne Bryant.  
25 Q Okay, alright. Do you know how long Mr.

1 Bryant worked at CVE?  
2 A Thirty-five years I believe.  
3 Q Okay, and is he retired?  
4 A Uh-huh.  
5 Q Was that fairly recently he retired?  
6 A Yeah, he retired, yeah, this year.  
7 Q Okay, alright. And are you familiar with  
8 a man named John Rex Hampton?  
9 A Yeah, I know John Rex.  
10 Q Is he related to Ted Hampton?  
11 A He's Ted's brother, yeah.  
12 Q Okay, is John Rex married?  
13 A Yes, he is.  
14 Q Do you know his wife's name?  
15 A Karen.  
16 Q Does she work for CVE?  
17 A She does.  
18 Q Do you know what she does for CVE?  
19 A She's assistant bookkeeper I guess. As far as I  
20 know I think that's right.  
21 Q Does she issue checks, do you know?  
22 A Uh-huh.  
23 Q Okay. Do you know whether John Rex--is  
24 it okay if I call him John Rex?  
25 A That's fine.

- 1 Q Do you know who I'm talking about?
- 2 A That's what we call him, yeah.
- 3 Q Do you know whether John Rex has ever done any work  
4 for CVE?
- 5 A I don't know if he has. I don't know that he  
6 ain't, you know. I know he's been there some off  
7 and on, but they're all family, you know, and you  
8 know, he's in and out a lot.
- 9 Q Okay.
- 10 A So as far as hiring him I didn't hire him or  
11 nothing, I don't know if they actually hired him to  
12 work or not.
- 13 Q Okay, I understand. Now, in the course  
14 of your work there at CVE did you ever  
15 hear of a business called, it's known by  
16 four letters, SECC?
- 17 A SECC?
- 18 Q Yeah, SECC. Does that ring a bell in any way?
- 19 A It might be--SECC. I don't know what they call  
20 them, you know. I know they's another contractor  
21 there besides Ronnie, and that's Shelton  
22 Construction. That probably is where you're  
23 getting that SECC, Shelton.
- 24 Q Okay.
- 25 A I would say that's it, but as far as physically

1 knowing them letters I don't, I don't know, I don't  
2 know what he calls his company. I know we've got  
3 another contractor that builds lines.  
4 Q Okay.  
5 A And I imagine that's what you're talking about, but  
6 as far--that's just a guess, you know. I don't...  
7 Q It's just a guess...  
8 A I don't know what they call them, you know, what he  
9 calls his name, you know.  
10 Q But have you ever heard of Shelton  
11 Construction referred to...  
12 A Yeah.  
13 Q ...as SECC?  
14 A No, no.  
15 Q Okay, I understand, you're just taking...  
16 A But I've heard of Shelton Construction, you know,  
17 but I don't know...  
18 Q Right.  
19 A ...if it's SECC, I don't know.  
20 Q Okay, I understand. Have you ever heard of a  
21 company called Southeast Petroleum?  
22 A Yes, I have.  
23 Q How did you come to hear of that company?  
24 A Well, we used to buy gas off of them.  
25 Q Okay. For about how long did that go on?

1 A I don't know. First we had G&M Oil and then we got  
2 Southeast Petroleum. I don't know, four or five  
3 years, or maybe longer, I don't know, something  
4 like that.

5 Q Okay, I understand. Do you know whether  
6 John Rex Hampton was ever involved with  
7 Southeast? Southeast Petroleum, let  
8 me...

9 A I think he was one of the partners. I believe  
10 there was two or three of them, I think he was one  
11 of the partners.

12 Q Alright. Do you know who the other partners were  
13 by any chance?

14 A Some Hacker I believe.

15 Q H-a-c-k-e-r?

16 A I think that's right. And I don't know if there's  
17 another one or not, you know, but I believe the  
18 Hacker man was one of them, or Hacker person. I  
19 don't know if it was a man or woman.

20 Q Alright. Now, the times when CVE was  
21 buying fuel from Southeast Petroleum, do  
22 you know whether CVE ever placed any bids  
23 with other--for anybody else to bid on  
24 that?

25 A I ain't got no way of knowing that.

1 Q Okay, I understand, that's okay. Have  
2 you ever heard of a company called  
3 Southeast Petro Mart?  
4 A I just thought that was the same company. I don't  
5 know. No, not that I know of.  
6 Q Oh, okay.  
7 A I mean that...  
8 Q Does it ring a bell...  
9 A It could have been...  
10 Q ...called Petro Mart?  
11 A Well, no, Southeast though, that's what ties it  
12 together with that other one. I mean, you know, I  
13 thought they was the same thing, I didn't...  
14 Q Oh, okay.  
15 A I don't know.  
16 Q You don't know for sure?  
17 A I don't know. See, we don't do any of that billing  
18 and stuff and I don't never see nothing like that.  
19 Q Okay, I understand, okay. Now, have you  
20 heard of another company that's called  
21 Southeast Transport?  
22 A Yeah. I think that was the...  
23 Q Okay, and I don't know if you knew, but  
24 the company, in responses to some written  
25 questions that we posed to the company,

1 the company stated that Ted Hampton was  
2 the owner of Southeast Transport, and  
3 apparently it was a trucking company. Is  
4 that your understanding too?  
5 A Say that again. I don't know what you're saying.  
6 Q Is it your understanding that Southeast  
7 Transport was a trucking company?  
8 A A trucking company, yeah, that's what I think,  
9 yeah.  
10 Q I understand. Did you ever see any  
11 Southeast Transport trucks parking on CVE  
12 property?  
13 A I've saw them down there at times.  
14 Q Okay. Did you ever see any--any of the  
15 guys who drove those trucks, did you ever  
16 see them go into company buildings?  
17 A No. Usually wasn't nobody, you know, around, you  
18 know.  
19 Q Okay. Do you know anybody who did any bookkeeping  
20 for Southeast Trucking--Southeast Transport?  
21 A No.  
22 Q Okay, alright. Do you have any idea of  
23 what kind of cargo those Southeast  
24 Transport trucks hauled?  
25 A Huh-uh.

1 MR. HAUSER: You might want to answer yes  
2 or no instead of...

3 Q Oh, yes, thanks.

4 A No, no.

5 MR. HAUSER: So the record will be clear.

6 A I don't know what they hauled.

7 Q Thank you very much. DO you have any idea about  
8 whether Southeast Transport ever did any business  
9 with CVE?

10 A I don't know.

11 Q Okay. Have you ever heard of a company  
12 called Knox Auto Parts?

13 A Yes, I have.

14 Q Okay, how'd you come to hear about them?

15 A Well, when you live here, you know, you know all  
16 them places, you know. It's auto parts store and  
17 sells electrical supplies and a lot of other  
18 things, you know. It's a--we did business there.

19 Q We meaning that CVE did?

20 A Uh-huh.

21 Q Okay. Do you know for about how long that business  
22 relationship lasted?

23 A No, I don't. I mean, I can't give you a day or a  
24 month or a year, you know. I know a few years  
25 there we done business there.

- 1 Q Okay, I understand. Do you have any  
2 knowledge about how much business that  
3 CVE did with Knox Auto Parts?
- 4 A No, I just know we did business there. If we  
5 needed a part we'd go there and get it, you know.  
6 That's all I know. I know we always traded there,  
7 you know.
- 8 Q Yeah. So was it pretty continual  
9 relationship while it lasted?
- 10 A Yeah. I think in fact, I may be wrong, but I think  
11 we still do some business at that store, you know.
- 12 Q Okay.
- 13 A It's a different name now though, but you know, I  
14 think we still do some business there.
- 15 Q Do you know what the name is now?
- 16 A Frasier Enterprises I believe.
- 17 Q Frasier Enterprises, okay. Do you know what kind  
18 of things they get from Frasier?
- 19 A Probably--no, I don't know now. I don't know--no,  
20 I don't.
- 21 Q Okay. Do you know what kind of products  
22 that Knox provided to CVE?
- 23 A I'm assuming oil and stuff like that and auto parts  
24 of all kinds, whatever we needed, you know.
- 25 Q What about like equipment for use in the--you know,

1                   like in the actual utility work, like lines?  
2    A               I don't know about that. Not that I--I mean, I  
3                   don't know.  
4    Q               Okay, I understand. Now, do you know  
5                   anything about a man named Steve Hampton?  
6    A               Yeah, Steve works here.  
7    Q               He works for CVE? Do you know what he  
8                   does?  
9    A               He's a serviceman.  
10   Q               Okay. And what relationship is he with Ted  
11                   Hampton?  
12   A               He's Ted's nephew.  
13   Q               And do you know whether Steve ever worked  
14                   with Knox Auto Parts?  
15   A               Yeah, he did. I--yeah.  
16   Q               Okay, alright. Do you know whether Steve  
17                   owned Knox Auto Parts?  
18   A               I don't know if he owned it or if Elbert owned it.  
19                   You know, one of them did.  
20   Q               Okay, alright. And was Elbert Steve's...  
21   A               Dad.  
22   Q               ...father?  
23   A               Uh-huh.  
24   Q               Okay, I understand. Was there any event  
25                   that occurred that may have caused the

1 relationship to end between Knox Auto  
2 Parts and CVE?  
3 A I believe John sold it out. I don't know that--you  
4 know, but I believe they still do a little business  
5 there. I may be wrong, you know.  
6 Q John Rex?  
7 A Yeah. John Rex sold it out to Elbert and them, and  
8 then Elbert and--Steve got a divorce, you know, and  
9 I believe that's when it...  
10 Q Oh, okay.  
11 A You know.  
12 Q So when it...  
13 A Frasiere took it over, you know.  
14 Q Oh, I see.  
15 A More or less. I don't know exactly what--anyway,  
16 they come to agreement on it some way and the  
17 Frasiere ended up with it, you know, when it was  
18 all said and done, but I ain't got no way of  
19 knowing...  
20 Q You don't know anything about...  
21 A ...nothing, you know.  
22 Q So you just know that roughly about the  
23 time of Steve's divorce is when the  
24 relationship between CVE and Knox ended?  
25 A Pretty--yeah, somewhere in there.

- 1 Q Alright. Now, regarding the items that  
2 Knox provided to CVE do you know whether  
3 there was any kind of bidding process?  
4 A I don't have no idea.  
5 Q Okay, I understand. Do you by any chance know  
6 where CVE's records about its transactions with  
7 Knox would be kept?  
8 A No.  
9 Q And do you know, have any idea of where  
10 CVE's general records in other regards  
11 are kept and stored?  
12 A No, I don't.  
13 Q Okay. Now, we've mentioned Elbert Hampton, and I  
14 think you had mentioned that he is Ted's brother,  
15 is that correct?  
16 A That's right.  
17 Q Did Elbert serve on the board of  
18 directors of CVE?  
19 A He does now.  
20 Q He does now? Do you know who Elbert  
21 replaced on the CVE board?  
22 A I believe he replaced--I believe he replaced Mr.  
23 Ferguson. I believe now.  
24 Q Okay. Do you know why that happened?  
25 A Mr. Ferguson got sick. He had a stroke and stuff.

- 1 Q I understand.
- 2 A I believe that's who he replaced.
- 3 Q Now, we talked earlier about Knox Auto Parts, and  
4 I think you said Elbert played a role there too?
- 5 A Uh-huh.
- 6 Q You don't know the exact nature of that  
7 role?
- 8 A I don't know if it belonged to him or if he bought  
9 it for Steve or--or he helped Steve get it, I don't  
10 know. It was--it belonged to one of them.
- 11 Q Okay, I understand. Now, do you know  
12 whether Elbert was ever involved in any  
13 other businesses?
- 14 A Not that I know of.
- 15 Q Okay. Do you know whether Elbert was  
16 ever an employee of Cumberland Valley?
- 17 A Yes, he was.
- 18 Q Was he a long-time employee?
- 19 A Yeah, he was there before I come, so I've been  
20 there for 34 years, so he'd been--when he retired  
21 he was probably 34 or 35 years in I'd say.
- 22 Q Okay. And do you know what he did there  
23 at CVE?
- 24 A He was line superintendent for several years there.
- 25 Q Okay, alright. Now, have you ever seen

1 or did you ever hear of Elbert Hampton  
2 filling his personal vehicle with CVE  
3 gasoline?  
4 A I've saw that truck down there, but I don't know--I  
5 didn't really see nobody filling no truck with gas  
6 or nothing.  
7 Q Okay, I understand. You mentioned a  
8 truck. Do you know, what kind of truck  
9 was that?  
10 A They was--they've got a line truck and a bucket  
11 truck now I believe. He does work on the side  
12 sometimes.  
13 Q Oh, Elbert does work on the side for CVE?  
14 A Not that I know of, not for us, but I mean, I  
15 believe he has during a storm I believe he's worked  
16 trouble, you know, when we really needed them, you  
17 know.  
18 Q Right.  
19 A And--but other than that, I don't--but  
20 now, he does work for people out in the  
21 neighborhood doing this and that, you  
22 know, and other things, you know.  
23 Q What kind of truck was this?  
24 A A bucket truck, he's had a bucket and a digger  
25 truck, you know.

1 Q And those trucks, did they at one time belong to  
2 CVE?  
3 A No, those trucks...  
4 Q He bought them from someone else?  
5 A he bought them somewhere else. I don't know where  
6 he got them.  
7 Q Okay. So if I understand you correctly, from time  
8 to time Elbert would do some work for CVE with  
9 these trucks?  
10 A I believe he worked sometimes, a time or two there  
11 when we had a lot of storm damage. I believe. You  
12 know, I've saw the trucks, you know, I believe they  
13 was--to tell you the truth I don't know.  
14 Q Okay.  
15 A You know. But I know he had two trucks there at  
16 times.  
17 Q You don't know for certain, is that what  
18 you're saying?  
19 A That's right.  
20 Q Okay, I understand. So Elbert owned  
21 these two trucks, and you said to the  
22 best of your understanding that from time  
23 to time if a need arose he would do some  
24 work for CVE. What other type of work  
25 did Elbert do with those trucks, do you

1 know?

2 A I've heard of him putting posts or signs and things  
3 like that. I know he worked at the fire department  
4 for a while for them up there when they was doing  
5 their volunteer fire department thing.

6 Q Okay.

7 A And things like that, you know, anything that had  
8 to reach, you know, they'd work for them trucks.

9 Q Did he do any kind of electrical work?

10 A He might have built some lines for mines and things  
11 like that.

12 Q Oh, okay.

13 A I believe he did that.

14 Q Okay. Have you ever seen or learned  
15 about Elbert Hampton taking materials  
16 from the CVE warehouse?

17 A Not that I know of.

18 Q Okay, alright. Have you ever heard of a  
19 business called Hubbs Creek?

20 A Yeah.

21 Q Okay. How did you come to learn about  
22 them?

23 A Well, I think they--they did build miners and stuff  
24 like that. They rebuilt them mine--mining  
25 equipment and stuff, and I don't know, they've done

1 work on bucket, I don't know, our trucks maybe,  
2 they might have worked some on them.

3 Q Okay. So like a mechanical nature of  
4 work?

5 A Yeah, like welding and stuff like that I believe  
6 when--I believe, I believe they have now. I'm not  
7 sure. I guess I'm answering when I really  
8 shouldn't. I probably should just say I don't  
9 know, you know.

10 Q Well, if you don't know that's okay.

11 A Really and truly I...

12 Q Or...

13 A Just I don't know. I don't know.

14 Q Or it's okay to say, for instance if you  
15 had heard from somebody else, if you'd  
16 just tell us that...

17 A Well, I've heard they worked and done a few things  
18 when our mechanic was too busy to do all...

19 Q Okay.

20 Q Some of it gets to be a lot, you know,  
21 and more than he can do, you know, so I  
22 believe. In my mind I'm thinking that  
23 anyway.

24 Q Okay, I understand. Does Steve  
25 Hampton's in-laws work there at Hubbs

1 Creek?

2 A I think so. I believe that's some of his folks.

3 Q Is one of those in-laws Terry McCreary?

4 A Yeah.

5 Q Okay. And so the reason that Hubbs does

6 mechanical work on these CVE trucks is

7 when CVE's mechanic is--doesn't have

8 enough time, is that it?

9 A That's what I'm thinking now.

10 Q Have you ever heard of a business called Air Gas?

11 A No.

12 Q Do you know of any company that provides

13 acetylene to the CVE?

14 A No, I don't. I don't know where they get it.

15 Q Do you know anything about a power line

16 that was run to a cabin off of Red Bird

17 Road?

18 A No, that's not my area.

19 Q Oh, okay.

20 A I don't work down in there.

21 Q Okay. Does the name J. B. Johnson mean

22 anything to you?

23 A Yeah, I know that name. At one time, a long time

24 ago I believe, he was our attorney.

25 Q Okay.

1 A Maybe not a long--it's a pretty long time ago. You  
2 know, I remember the name.

3 Q Okay. Do you have any idea whether J. B.  
4 Johnson's still alive?

5 A I don't know.

6 Q Have you ever heard of a name Bill  
7 Nighbert?

8 A Who?

9 Q Bill Nighbert.

10 A No.

11 Q Okay, alright. Do you know anything  
12 about the laying of an underground line  
13 to the Whitley County School System  
14 building?

15 A The new building? I think they put underground  
16 line in to it, but I don't know anything about it.

17 Q Oh, okay.

18 A I'm sure it's got underground line though.

19 Q Okay.

20 A But that's--again, that's not my area, and I really  
21 don't know, but I know it's got underground line.

22 Q In what area is the Whitley County School System?

23 A It's in Don Lynch's area, staking area, you know.

24 Q Okay.

25 A It's in Whitley County, down close to Williamsburg.

- 1 Q Okay. And is that the same for Red Bird  
2 Road, is that Don Lynch's?
- 3 A That's in Whitley County too, yeah, down in there.
- 4 Q Okay. Now, in the course of your  
5 employment there at CVE did you ever hear  
6 about any lines being laid which were not  
7 necessary?
- 8 A No. We put one line that was put in to be a  
9 balance line, you know, to balance the phases, you  
10 know, and it was talked about it not being needed,  
11 but it probably was if you looked into it deep  
12 enough, you know, to balance the phases and stuff,  
13 it was needed at the time.
- 14 Q Alright.
- 15 A But other than that, I don't know.
- 16 Q Okay. Have you ever attended company  
17 annual meeting?
- 18 A Uh-huh.
- 19 Q About how often did you go to those?
- 20 A Annually.
- 21 Q Oh, every year? Okay. You went there  
22 every year?
- 23 A Pretty much, yeah. I might have missed one or two,  
24 but I didn't miss many though.
- 25 Q Good for you. Do you have any idea--any

1 knowledge about how people come to be on  
2 the board of directors?  
3 A Not a whole lot I don't. I don't know how exactly  
4 it works. I know you have to register to run or  
5 something and you've got to register ahead of time  
6 or something.  
7 Q Yeah.  
8 A I don't know a whole lot about that. I don't know  
9 enough about it to talk to you about it because I  
10 don't understand how it works.  
11 Q Okay. There at the annual meetings did  
12 you ever hear any announcements,  
13 something that to the effect that it's  
14 time for the election for the board of  
15 directors?  
16 A To tell you the truth I'm usually out there around  
17 them buckets and bulbs and taking care of, you  
18 know...  
19 Q Oh, okay.  
20 A ...jobs and stuff, you know. I don't really sit in  
21 the meeting actually itself. I go out there and  
22 handle--hand out this and hand out that...  
23 Q So you're working...  
24 A ...people wins and stuff. I'm usually working and  
25 really I ain't got much time to look up, you know.

- 1 Q Oh, I understand, okay. I understand.  
2 Alright. Did you ever, when you're there  
3 at the annual meetings I know you're  
4 working, but did you ever see any ballot  
5 boxes?  
6 A Yeah, the girls takes care of all that I believe up  
7 front.  
8 Q Okay.  
9 A They've got the tickets and the--all that  
10 information a desk just like this right here, you  
11 know, it'll be lined up down through there and  
12 they'll start up here, A, B, C, D, you know, and  
13 everybody falls in their own little line, you know,  
14 and they take care of all that now. Yeah, I've  
15 seen the ballot boxes.  
16 Q Okay. Did anybody at the company ever  
17 ask you to fill out the names of CVE  
18 members on absentee ballots?  
19 A No.  
20 Q For the board of directors...  
21 A I've not filled out names on them or anything.  
22 Q Do you have any knowledge about the  
23 keeping of corporate minutes?  
24 A No.  
25 Q Have you ever--do you know anything about

1 a truck that CVE once owned that was  
2 called CVE truck No. 61?  
3 A No. What kind of--no.  
4 Q I'm not--I really don't know what kind of truck it  
5 was. Was it a bucket truck?  
6 A I'm not--I don't know.  
7 Q Do you ever run across any instances  
8 where, or does this ring a bell, of any  
9 times when the company may have sold  
10 trucks to individuals for one reason or  
11 another?  
12 A Yeah, we sell them once every two or three year I  
13 guess, you know, when we get a bunch of junkers  
14 there, you know, they'll put them...  
15 Q Okay.  
16 A They'll turn them out to people and they'll bid on  
17 them on a sealed bid and stuff.  
18 Q Okay. And did you ever hear of a bucket  
19 truck getting into an accident and then  
20 after it was fixed it was sold to  
21 somebody?  
22 A No, I know we had a bucket truck in a accident  
23 once. Well, we might have had more than once, you  
24 know, but--but I don't know about it being sold  
25 though.

1 Q Okay. Do you know anything about any occasions  
2 where the company added money to work projects?  
3 A I don't know. I ain't got no way of knowing that,  
4 I really...  
5 Q Now, in the course of our talking today,  
6 we talked about several people who are  
7 related to Ted Hampton who either now or  
8 maybe in the past have worked for CVE.  
9 We talked about Karen and Steve Hampton  
10 and John Rex, although I think you said  
11 you weren't sure if he ever worked for  
12 CVE, is that right?  
13 A Not that I know of.  
14 Q Okay. Is there any other Hampton  
15 relatives who work for CVE or ever have?  
16 A Well, Jay, Jay works for us.  
17 Q Is he also known as William Hampton?  
18 A Yeah. Steve, Jay. I'm almost blank right now.  
19 You've kind of got me in a deer in the headlight  
20 thing now.  
21 Q That's okay. We've been going a long  
22 time.  
23 A That's pretty much, you know.  
24 Q Okay. During the course of your--we're  
25 almost done, we're just about there.

1 A Well, good.

2 Q During the course of your employment with CVE did  
3 anybody ever ask you to do anything that you  
4 questioned or caused you any cause for concern?

5 A No, I just do as I'm told and stuff, you know, and  
6 pretty much--no, nothing out of the way.

7 Q Okay. Have you ever heard of CVE being  
8 referred to as Hampton Valley?

9 A Yeah, I have.

10 Q I'm going to go back, and earlier I asked  
11 you about a company called Hubbs Creek.  
12 You had mentioned that you had heard that  
13 Hubbs Creek did work on CVE trucks. Do  
14 you know who you heard that from?

15 A No, I don't. I just heard the talk. I don't know.

16 Q Okay.

17 A I don't know where it come from, but I've heard the  
18 talk though.

19 Q Can't recollect?

20 A Don't remember.

21 Q Okay. Is there any other concern you  
22 want to share with us while we're here?

23 A No.

24 MR. COOK: Okay. Then that's all the  
25 questions I have right now. But there



1 Q You indicated earlier that they sell, of  
2 course, obviously auto parts?

3 A Yeah, yeah.

4 Q Do they sell items, other items that  
5 Cumberland Valley might use?

6 A Pipe and stuff like that, yeah, and they sell bush  
7 axes and things like that I believe, and...

8 Q In response to one of the questions here  
9 just recently, I'm kind of going in  
10 reverse order, but counsel asked if you  
11 had been asked to do anything for  
12 Cumberland Valley that you didn't feel  
13 like you should do and you said you do  
14 what you're told. Let me ask you this,  
15 have you ever done anything that you felt  
16 like was illegal or improper...

17 A No, sir.

18 Q ...as an employee of Cumberland Valley  
19 Electric?

20 A No, sir.

21 Q Have you ever been asked to do anything...

22 A No, sir.

23 Q ...that you felt like was out of line at  
24 Cumberland Valley Electric, anybody at  
25 Cumberland Valley Electric?

- 1 A No.
- 2 Q What department do you work in?
- 3 A Engineering department.
- 4 Q How long have you worked there?
- 5 A Thirty...
- 6 Q In the engineering department?
- 7 A Thirty-one years.
- 8 Q Thirty-one in the engineering department?
- 9 A Yes, sir.
- 10 Q Did you work directly under Mr. Carroll?
- 11 A Yes, sir, I did.
- 12 Q His testimony is he worked at Cumberland
- 13 Valley Electric in engineering department
- 14 from May 4th, 1995, to July the 27th,
- 15 2004. Does that sound about right to
- 16 you?
- 17 A Sounds about right, yeah.
- 18 Q During that period of time, May of 1995
- 19 to July of 2004, were you working
- 20 directly under Mr. Carroll?
- 21 A Yes, sir.
- 22 Q What was his job, the best of your
- 23 knowledge?
- 24 A He was head engineer.
- 25 Q Was he in charge of the Turtle program?

1 A Yeah. As far as I know.

2 Q Did he review any of the staking that you

3 all did?

4 A No, he just made sure we done it, you know. He

5 didn't really--I never saw--he might have reviewed

6 it for all I know, but not that I know of, not

7 particularly, you know.

8 Q Did you usually go in to work at the Gray

9 office prior to going out on your

10 designation--designated tasks...

11 A Yeah.

12 Q ...that you had to do for a particular

13 day?

14 A Most of the time, yeah. Not every time, but most

15 of the time. Sometimes we'd meet somebody at a

16 certain time, you know, somewhere or something, but

17 most of the time we started at the office, so.

18 Q So did you or did you not get

19 instructions from Joe on your daily work?

20 A Well, Joe always told us if you'll do your work and

21 keep everybody happy said I'll be happy, you know,

22 and that's what we tried to do, we tried to keep

23 everybody happy. Sometimes it's a pretty good

24 little job, but you know, most of the time it's not

25 that bad, you know.

1 Q All the new hook-ups and all of that  
2 every month in your area, you would be  
3 responsible for, is that correct?  
4 A That's right, yeah.  
5 Q Tell these folks about how many hook-ups  
6 you all would average new a month in your  
7 area.  
8 A Well, how many tickets I run a month was usually 90  
9 or so, you know, anywhere from 70 to 100.  
10 Q But now, Cumberland Valley continues to  
11 grow on its residential, does it not?  
12 A Oh, yes.  
13 Q And is the growth mostly in your area?  
14 Or is that--is that...  
15 A A big lot of it is, but now, there's a lot of  
16 growth in Donald's area too.  
17 Q Who has...  
18 A Around that interstate and stuff, and they's a lot  
19 of growth around there too.  
20 Q Who has the West Knox area, West Knox?  
21 A Donald does.  
22 Q The reason I ask that, that seems to be a  
23 growing area.  
24 A Oh, yeah, it is. Donald's got the 830 and out in  
25 there.

1 Q Did--while you worked with Joe do you  
2 recall his being a regular employee there  
3 working five days a week? Did he work  
4 five days a week when he was there?

5 A Well, yeah. I mean--well, I mean, you know...

6 Q Let me ask you this, prior to his being--  
7 prior to his being--him leaving  
8 employment in July of 2004, say the last  
9 year or two, was Joe regularly around  
10 Cumberland Valley office?

11 A No.

12 Q Did you happen to have an occasion in  
13 your job to try to get up with him and  
14 couldn't get up with him?

15 A No, I never--we never really--I never really needed  
16 to get up with him very much. I worked with Jay a  
17 lot, and if I needed something I'd go to Jay. Of  
18 course, Joe was my boss, you know, but really we  
19 never talked that much. It's kind of like I told  
20 you while ago, if the work's done, why, he's happy,  
21 you know, he don't--he didn't bother me any way or  
22 anything, as long as I kept up my work and stuff.  
23 I didn't really talk to Joe every day even when he,  
24 you know, was there every day, you know.

25 Q You mentioned in reply to one of Mr.

1 Cook's questions about a three phase line  
2 and a question about whether or not three  
3 phase line was necessary or not.

4 A That's been a long time ago, it was Duck Run, down  
5 in there, it was questions come up on it, you know,  
6 people used to talk about that a lot, why did they  
7 build that line down in that country for nothing,  
8 you know. But you know, you realize things is done  
9 for a reason usually, and it was explained to me,  
10 you know, it was built to separate load, balance  
11 the phases. It's got to be--it's got to be kept  
12 pretty balanced. If it don't it won't--it ain't  
13 good.

14 Q Do you have any personal knowledge of any  
15 line anywhere in Cumberland Valley's  
16 system that was built unnecessarily?

17 A No. We're so far ahead of things, I mean, you  
18 know, I don't mean to toot our own horn or nothing,  
19 you know, but now, we're pretty up on everything on  
20 building the lines and stuff. Everybody else is  
21 still trying to do what we done years ago, you  
22 know, and we stay out front on a lot of that stuff,  
23 but it eventually--well, it has eventually paid  
24 off. I mean, it's--things, a lot of times it might  
25 not look like it needs done, but you know, you've

1 got to be able to see just a little bit ahead, you  
2 know, and so far--well, I think we've done real  
3 good at doing that, and that's the reason we've got  
4 good power to all of our big load sites now where  
5 it wasn't nothing, used to be nothing out there,  
6 and now we've got subdivisions that if we didn't  
7 have them lines in place we'd have been hurting.

8 Q Have there been any, for example,  
9 industrial parks built in the area  
10 that...

11 A Oh, yeah.

12 Q Could you tell the Commission and  
13 Attorney General what you're referring to  
14 there?

15 A Well, a lot of those places we already had three  
16 phase lines in position on and really had a upper  
17 hand on it, and then I'm not saying we didn't have  
18 to go back and do some of it over anyway, but still  
19 yet though, we had power for them to get started on  
20 already waiting on them there. A lot of these  
21 sites that wouldn't have been, you know, if it  
22 wouldn't have been planned ahead.

23 Q You were asked some questions about vehicles,  
24 trucks and things being parked on Cumberland Valley  
25 Electric's property. Are you aware of other kinds

1 of vehicles or vehicles of any kind that are parked  
2 on Cumberland Valley's property?  
3 A Yes, I am.  
4 Q Give us an example of what.  
5 A I've got one right now that's parked there. My  
6 vehicle.  
7 Q Is it routine to see the ambulance  
8 service parked out there?  
9 A Uh-huh.  
10 Q Is it routine to see Kentucky State  
11 Police parked there?  
12 A Oh, yes. Yeah.  
13 Q Why would the Kentucky State Police be  
14 parked there?  
15 A Their office is there.  
16 Q Will you explain--do you know what--these  
17 people might not know. What office is  
18 there?  
19 A Well, it's the Kentucky State Police office, and  
20 it's there for them and us, it's our protection,  
21 you know, and they are there with their office  
22 right there, you know, and then that way if we have  
23 a robbery up front or something, I mean they're  
24 right there most of the time, you know. And I  
25 don't know, to me it's just a plus.

1 Q In the course of your employment over the last  
2 thirty-some years with Cumberland Valley Electric  
3 at the Gray location, the main office, have you  
4 noticed other, you know, vehicles coming in, in and  
5 around the Cumberland Valley property?

6 A Yeah, they's been other vehicles in and out of  
7 there all--there's stuff in and out of there all  
8 the time.

9 Q Are you aware of any representative of  
10 the Attorney General's Office that parks  
11 there? William Stewart?

12 A Oh, yeah, yeah.

13 Q Who is he?

14 A He's a former state police. He's a--I guess he is  
15 assistant--he's connected there some way to that  
16 Attorney General.

17 MR. HAUSER: That's all the questions I  
18 have.

19 CROSS EXAMINATION BY MS. MITCHELL:

20 Q I have just one or two. When you were talking  
21 about the three phase lines that were being built,  
22 who made those decisions to build those lines, to  
23 add those lines, to balance it?

24 A Gee, I don't know. It's on the--you know, I've  
25 been there a long time, but I ain't really involved

1 in that usually. They'll ask me if they's anything  
2 that I know of, you know, that needs to be done,  
3 but that goes in on a work plan, you know, thing.  
4 Most of that does.

5 Q When you said that it had been explained  
6 to you that those lines were necessary  
7 for balancing, who explained it to you?

8 A Well, the superintendent did.

9 Q And who was that at the time?

10 A At the time that was Jay.

11 Q Jay Hampton?

12 A Yeah. At the time the Duck Run line was though, it  
13 was Elbert.

14 Q I'm sorry?

15 A At the time the Duck Run line was built I guess it  
16 was Vernon Wilder, wasn't it, Ted? I would  
17 imagine.

18 MR. HOWARD: Sir, you'll have to...

19 MR. HAUSER: Yeah, you just have to...

20 MR. HOWARD: ...answer questions on your  
21 own.

22 A Okay.

23 MR. HOWARD: Thank you.

24 A Well, as best I know, at that time it would have  
25 been Vernon Wilder or Elbert Hampton one that did

1 that, you know, but now, that's been a long time  
2 ago and it's really--that's been years ago when  
3 that was done.

4 MS. MITCHELL: Okay, thank you. I have  
5 no further questions.

6 REDIRECT EXAMINATION BY MR. HOWARD:

7 Q Just a few, if I may, sir. You had indicated that,  
8 if I understood correctly, Mr. Carroll and I think  
9 it was Mr. Amber above you, what's the gentleman's  
10 name, that generally speaking if you did your job  
11 and kept everybody happy?

12 A Oh, yeah, Joe, that was Joe, yeah.

13 Q Okay, that everything was--that was Joe,  
14 Mr. Carroll?

15 A Yeah, yeah.

16 Q So I assume then that, is it your opinion  
17 and your understanding that Joe must have  
18 been checking on you to make sure you  
19 were doing your job?

20 A Oh, yeah, he would--he would come in and check our  
21 sheet, you know, and see if we had everything  
22 staked up, you know, about once a week or  
23 something, he'd look at that, you know, and if we  
24 didn't, why, he'd want to know what about this one  
25 and what about that one, you know.

- 1 Q So he was...
- 2 A And we'd tell him why, you know, it wasn't done or  
3 what the problem, the hold-up on it was, you know,  
4 maybe right-of-way, maybe we just couldn't get up  
5 with them or something, you know, but yeah, he'd  
6 touch base with us every now and then on that.
- 7 Q So he was aware of your responsibilities  
8 and what you were getting done and what  
9 you were not getting done, correct?
- 10 A Uh-huh, yeah.
- 11 Q And so he would talk to you if you weren't meeting  
12 the things that he thought needed to be done?
- 13 A Yeah, if a question come up, you know, and you  
14 know, he'd confront us with it, you know.
- 15 Q You were asked just a moment ago by Counsel Hauser  
16 about personal vehicles and you said there are a  
17 lot of personal vehicles and perhaps other vehicles  
18 showing up with people making their payments on  
19 their bills and the like?
- 20 A Uh-huh.
- 21 Q You indicated the state police are there  
22 and that's because they've got an office?
- 23 A Right.
- 24 Q Would you expect other companies' trucks  
25 to be parked there on a frequent basis

1 unless they had an office there?

2 A Well, I--no, not really, you know.

3 Q In regard to the person from the Attorney General's

4 Office, does that person have an office assigned to

5 him there?

6 A Not that I know of. They might have, I don't--I

7 don't really know.

8 Q So do you know why...

9 A Not that I know of.

10 Q Right. So but do you know why he's

11 there?

12 A Huh-uh. No, I don't.

13 Q He's not working for Cumberland Valley, is he?

14 A Not that I know of.

15 Q Okay. You were talking a moment ago

16 about how you're happy that you were able

17 to get a lot of these lines built and

18 that you thought that you were ahead of

19 the gang if I understood you, right?

20 A Yeah.

21 Q Do you know if at the time they had

22 already planned for developments and the

23 like out there? Were there plans...

24 A Well, that land was developing anyway, you know, I

25 mean, there's subdivisions and stuff all around

1                   there, you know.

2    Q               Right.

3    A               So we probably already had enough, you know, to do-

4                   -to do some of that three phasing, you know, but

5                   now, we did add some more on after the industrial

6                   park, you know, started going in and we've--well,

7                   we've--well, you probably know, we lost part of

8                   that, you know, to KU. It's the same deal we was

9                   in before, but we probably--I just thought it was

10                  alright. I mean, you know, that's just my feeble

11                  minded thought, you know, so.

12   Q               Well, I don't want you to discount

13                   yourself, but you would defer to people

14                   above you for that type of planning?

15   A               Yeah.

16   Q               Right?

17   A               Yeah. Yeah, they do that.

18   Q               Okay. And it's my understanding that

19                   those decisions were made by, it was

20                   either Elbert or someone else?

21   A               Someone else, it wasn't me, yeah.

22   Q               Was that Mr. Carroll that made those

23                   decisions?

24   A               Well, I don't know. He's probably had a hand in

25                   it, you know, but I don't know, I think that's

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something they all talk over, you know. I've heard them in there talking about it, but I really don't know how that works. I'm not in on them decisions like that.

MR. HOWARD: Okay, thank you.

A Uh-huh.

MR. HAUSER: I have no other questions.

(Deposition adjourned at 3:55 p.m.)

STATE OF KENTUCKY  
COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that his testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 13<sup>th</sup> day of January, 2006.

  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF RANDALL CAMPBELL

\*\*\*\*\*

The deposition of RANDALL CAMPBELL was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 3:00 p.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\*\*\*\*\*
VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 RANDALL CAMPBELL, having been first duly sworn by
2 the undersigned Notary Public, testified as follows:
3 DIRECT EXAMINATION BY MR. COOK:
4 Q Could you spell your name for the court reporter?
5 A R-a-n-d-a-l-l, C-a-m-p-b-e-l-l.
6 Q Great. Mr. Campbell, my name is Larry
7 Cook. I'm with the Attorney General,
8 Office of Rate Intervention. This, to my
9 right here, this gentleman is Dennis
10 Howard, he's my boss.
11 A Okay.
12 Q And I'm going to let the other people
13 here introduce themselves to you.
14 MS. MITCHELL: I'm Anita Mitchell from
15 the Public Service Commission.
16 MS. EDWARDS: Andrea Edwards with the
17 Public Service Commission.
18 MR. RUSSELL: Elie Russell with the
19 Kentucky Public Service Commission.
20 MR. HAUSER: You know Mr. Hampton and Pat
21 Hauser.
22 Q And this gentleman back here is also with our
23 office.
24 MR. HOWARD: Darvin Sebastian.
25 Q Alright, Mr. Campbell, as you know I think, your

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

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I N D E X

WITNESS: PAGE:
RANDALL CAMPBELL:
Direct examination by Mr. Cook: 3-36
Cross examination by Mr. Hauser: 37-46
Cross examination by Ms. Mitchell: 46-48
Redirect examination by Mr. Howard: 48-52
Reporter's Certificate: 52

1 company has filed for a rate increase with the
2 Public Service Commission. So the reason we're
3 down here today is to ask questions about CVE's
4 business practices. And by the way, I'm going to
5 call Cumberland Valley CVE during the course of our
6 talk here today.
7 A Okay.
8 Q Now, if you don't understand a question
9 feel free to ask me to repeat it or I'll
10 rephrase it. Otherwise, we'll assume
11 that you do understand the question.
12 Okay?
13 A Okay.
14 Q Also, have you ever given a deposition
15 before?
16 A No, not that I--not that I know of.
17 Q That's alright.
18 A It's all new to me.
19 Q That's okay. When you speak, if you're
20 like me sometimes you want to either nod
21 your head or shake your head or something
22 like that or otherwise use body language.
23 The only problem is that body language
24 cannot be translated, so you have to say
25 yes or no or kind of explain yourself.

Page 5

Page 7

1 A Okay.

2 Q Okay? Alright. Now, I'm going to ask

3 you some questions and then the other

4 attorneys may ask you questions also.

5 And during--during our examination of you

6 here while you're under oath, some of the

7 attorneys might have an objection, and if

8 they do have an objection the court

9 reporter has to write it down. But after

10 they're finished voicing their objection

11 you can go ahead and answer the question.

12 A Okay.

13 Q Alright. Okay, we'll go ahead and get started.

14 A Okay.

15 Q Okay, do you realize you're under oath?

16 A Yes, I do.

17 Q Okay, Mr. Campbell, are you taking any kind of

18 medications or any other substance that could

19 prevent you from providing honest and accurate

20 answers today or that might interfere with your

21 recollection?

22 A Gee, I don't know, I'm taking a handful of medicine

23 every day.

24 Q Okay, I understand.

25 A I don't know what it does. It keeps my blood

1 A Just--well, a whole lot of paperwork anymore and

2 plotting it on the maps and going out and actually

3 putting the flags in where the poles goes.

4 Q I understand, okay. Has anybody from

5 Cumberland Valley approached you about

6 your answers to us here today?

7 A No, sir.

8 Q Okay. Has anyone from Cumberland Valley,

9 from the company, either directly or

10 indirectly, told you that you should be

11 forgetful or have amnesia or something

12 like that?

13 A No, sir.

14 Q So are you--do you have any concern of losing your

15 job if you should provide truthful answers to our

16 questions today?

17 A Not--no, I don't.

18 Q Okay.

19 A I think they've always treated me fair here. You

20 know, I've never...

21 Q Okay.

22 A You know. I don't have--no.

23 Q Alright. Now, have you ever performed

24 any work for CVE in any prior capacity

25 before you did staking?

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Page 8

1 pressure down, my gout down and, you know...

2 Q I understand.

3 A ...different things, you know, so I don't really--

4 not that I know of.

5 Q Okay, not that you--that's all we need to

6 know, okay, alright. Now, is your coming

7 here today, is that in response to a

8 subpoena that was served upon you to

9 compel your testimony?

10 A That's right.

11 Q I understand. Could you tell us about your

12 educational background?

13 A I finished high school.

14 Q And where was that?

15 A Knox Central.

16 Q Alright. And are you currently employed?

17 A Cumberland Valley.

18 Q Okay, in what capacity?

19 A Assistant engineer.

20 Q Okay. And what do you do in that capacity?

21 A I'm a staking engineer, I go out and stake the

22 power lines, spot meter posts for trailers, spot

23 houses, electric boxes for houses and things like

24 that.

25 Q Okay. And what does staking involve?

1 A Right-of-way, I worked three years on right-of-way.

2 Q Okay. When was that?

3 A Well, in '71 and '72 and I guess part of '73.

4 Q Okay, so was '71 about the date you

5 started working for CVE?

6 A Yeah, it was my date of hire, was June '71 I

7 believe.

8 Q That's a long time.

9 A Yeah.

10 Q When you started working for CVE you said

11 that you did right-of-way work. Was

12 right-of-way work performed generally by

13 CVE at that time?

14 A At that time it was, yeah. It was all contract

15 work then, you know. Actually it was all company,

16 you know, we worked for the company.

17 Q Okay.

18 A It wasn't like a contractor, it was--we worked

19 directly for the company.

20 Q During the course of your employment with

21 CVE have you had any opportunity to work

22 with other CVE employees?

23 A Oh, yeah, we work together, we're a group. We...

24 Q Okay.

25 A We get along and work well together.

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Page 11

1 Q I understand. Okay. Did you include--  
 2 does that also include having worked with  
 3 Mr. Ted Hampton?  
 4 A Yes, sir.  
 5 Q Okay. During the course of your work at  
 6 CVE have you had any opportunity to learn  
 7 of a man named Ken Lay?  
 8 A Yes, I know Kenneth Lay.  
 9 Q Okay. How do you know him?  
 10 A He's a--he does our right-of-way, and then he  
 11 worked with the company at one time, a long time  
 12 ago.  
 13 Q Okay. Does Ken Lay own a company?  
 14 A Uh-huh.  
 15 Q And do you know the name of that company?  
 16 A Lay Tree & Brush I believe.  
 17 Q Okay. Do you know whether CVE does any  
 18 work with Ken Lay's company?  
 19 A Yeah, he works for Cumberland Valley.  
 20 Q Okay, alright. And what exactly does Lay  
 21 Tree & Brush do for the company?  
 22 A He clears--they clear right-of-way. His crews  
 23 clears right-of-ways on our lines.  
 24 Q Do you know anything about any billing arrangements  
 25 between Mr. Lay's company and CVE?

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1 A No, I don't know nothing about it.  
 2 Q Okay, alright. Do you know whether Mr.  
 3 Lay and his company provide the equipment  
 4 that they use to perform the services for  
 5 CVE?  
 6 A I don't really know. I just--I've heard that we  
 7 furnish the stuff and he furnishes the labor. Now,  
 8 that's what I've heard, so.  
 9 Q Okay.  
 10 A That's as much as I know about that. I don't  
 11 really know. I'm not in the billing part of it and  
 12 I don't really know how it works. I just mostly do  
 13 the staking out there, and I know how that works,  
 14 you know.  
 15 Q Okay, sure.  
 16 Q But I don't know everybody else's job  
 17 though.  
 18 Q So if I understand correctly, you're out  
 19 in the field a lot?  
 20 A About half the time. Probably 60 percent of the  
 21 time probably.  
 22 Q Okay, I understand. Have you ever heard  
 23 of a company that's called C&C Automotive  
 24 Center?  
 25 A C&C Automotive Center?

1 Q Yeah.  
 2 A I don't--no, not C&C Automotive, I don't know what  
 3 that is.  
 4 Q Okay, alright, that's okay. Yeah, I  
 5 appreciate you speaking up. If you don't  
 6 know, that's perfectly fine.  
 7 A I don't know.  
 8 Q We understand. And do you have any  
 9 knowledge regarding CVE's bidding  
 10 practices, like when they put any job out  
 11 for bids?  
 12 A No, I don't. I don't know when they put it or if  
 13 they put it out, I don't know.  
 14 Q Okay, I understand. Do you know who at  
 15 CVE was responsible for handling business  
 16 operations with right-of-way contractors?  
 17 A No, I don't.  
 18 Q Okay. In the course of your work at CVE did you  
 19 learn of CVE purchasing a bulldozer?  
 20 A Yeah, I believe we've got a bulldozer.  
 21 Q Okay.  
 22 A You know, I believe we do.  
 23 Q Do you have any idea how much that bulldozer cost?  
 24 A I ain't got a clue.  
 25 Q Okay. Do you know from whom CVE

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1 purchased that bulldozer?  
 2 A No, I don't.  
 3 Q Okay. Have you heard of a gentleman  
 4 named Ronnie Corey?  
 5 A Yeah, I know Ronnie Corey.  
 6 Q How'd you come to know him?  
 7 A He's my neighbor.  
 8 Q Oh, okay. Did Ronnie Corey's father once  
 9 serve on the CVE board of directors?  
 10 A Yes, he did.  
 11 Q What was his father's name?  
 12 A Harry Corey.  
 13 Q Okay. And does Ronnie Corey do any  
 14 business with CVE?  
 15 A He's got the two crews that works for us I believe.  
 16 Q Okay. Do you know the name of his  
 17 company?  
 18 A I believe Five-C Construction.  
 19 Q Okay. Do you know who the accountant was  
 20 for Five-C?  
 21 A No, not really. I don't know.  
 22 Q Okay, I understand. And do you know who  
 23 the accountant for CVE was?  
 24 A That would be Wayne Bryant.  
 25 Q Okay, alright. Do you know how long Mr.

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1 Bryant worked at CVE?  
 2 A Thirty-five years I believe.  
 3 Q Okay, and is he retired?  
 4 A Uh-huh.  
 5 Q Was that fairly recently he retired?  
 6 A Yeah, he retired, yeah, this year.  
 7 Q Okay, alright. And are you familiar with  
 8 a man named John Rex Hampton?  
 9 A Yeah, I know John Rex.  
 10 Q Is he related to Ted Hampton?  
 11 A He's Ted's brother, yeah.  
 12 Q Okay, is John Rex married?  
 13 A Yes, he is.  
 14 Q Do you know his wife's name?  
 15 A Karen.  
 16 Q Does she work for CVE?  
 17 A She does.  
 18 Q Do you know what she does for CVE?  
 19 A She's assistant bookkeeper I guess. As far as I  
 20 know I think that's right.  
 21 Q Does she issue checks, do you know?  
 22 A Uh-huh.  
 23 Q Okay. Do you know whether John Rex--is  
 24 it okay if I call him John Rex?  
 25 A That's fine.

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1 Q Do you know who I'm talking about?  
 2 A That's what we call him, yeah.  
 3 Q Do you know whether John Rex has ever done any work  
 4 for CVE?  
 5 A I don't know if he has. I don't know that he  
 6 ain't, you know. I know he's been there some off  
 7 and on, but they're all family, you know, and you  
 8 know, he's in and out a lot.  
 9 Q Okay.  
 10 A So as far as hiring him I didn't hire him or  
 11 nothing, I don't know if they actually hired him to  
 12 work or not.  
 13 Q Okay, I understand. Now, in the course  
 14 of your work there at CVE did you ever  
 15 hear of a business called, it's known by  
 16 four letters, SECC?  
 17 A SECC?  
 18 Q Yeah, SECC. Does that ring a bell in any way?  
 19 A It might be--SECC. I don't know what they call  
 20 them, you know. I know they's another contractor  
 21 there besides Ronnie, and that's Shelton  
 22 Construction. That probably is where you're  
 23 getting that SECC, Shelton.  
 24 Q Okay.  
 25 A I would say that's it, but as far as physically

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1 knowing them letters I don't, I don't know, I don't  
 2 know what he calls his company. I know we've got  
 3 another contractor that builds lines.  
 4 Q Okay.  
 5 A And I imagine that's what you're talking about, but  
 6 as far--that's just a guess, you know. I don't...  
 7 Q It's just a guess...  
 8 A I don't know what they call them, you know, what he  
 9 calls his name, you know.  
 10 Q But have you ever heard of Shelton  
 11 Construction referred to...  
 12 A Yeah.  
 13 Q ...as SECC?  
 14 A No, no.  
 15 Q Okay, I understand, you're just taking...  
 16 A But I've heard of Shelton Construction, you know,  
 17 but I don't know...  
 18 Q Right.  
 19 A ...if it's SECC, I don't know.  
 20 Q Okay, I understand. Have you ever heard of a  
 21 company called Southeast Petroleum?  
 22 A Yes, I have.  
 23 Q How did you come to hear of that company?  
 24 A Well, we used to buy gas off of them.  
 25 Q Okay. For about how long did that go on?

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1 A I don't know. First we had G&M Oil and then we got  
 2 Southeast Petroleum. I don't know, four or five  
 3 years, or maybe longer, I don't know, something  
 4 like that.  
 5 Q Okay, I understand. Do you know whether  
 6 John Rex Hampton was ever involved with  
 7 Southeast? Southeast Petroleum, let  
 8 me...  
 9 A I think he was one of the partners. I believe  
 10 there was two or three of them, I think he was one  
 11 of the partners.  
 12 Q Alright. Do you know who the other partners were  
 13 by any chance?  
 14 A Some Hacker I believe.  
 15 Q H-a-c-k-e-r?  
 16 A I think that's right. And I don't know if there's  
 17 another one or not, you know, but I believe the  
 18 Hacker man was one of them, or Hacker person. I  
 19 don't know if it was a man or woman.  
 20 Q Alright. Now, the times when CVE was  
 21 buying fuel from Southeast Petroleum, do  
 22 you know whether CVE ever placed any bids  
 23 with other--for anybody else to bid on  
 24 that?  
 25 A I ain't got no way of knowing that.

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<p>1 Q Okay, I understand, that's okay. Have 2 you ever heard of a company called 3 Southeast Petro Mart? 4 A I just thought that was the same company. I don't 5 know. No, not that I know of. 6 Q Oh, okay. 7 A I mean that... 8 Q Does it ring a bell... 9 A It could have been... 10 Q ...called Petro Mart? 11 A Well, no, Southeast though, that's what ties it 12 together with that other one. I mean, you know, I 13 thought they was the same thing, I didn't... 14 Q Oh, okay. 15 A I don't know. 16 Q You don't know for sure? 17 A I don't know. See, we don't do any of that billing 18 and stuff and I don't never see nothing like that. 19 Q Okay, I understand, okay. Now, have you 20 heard of another company that's called 21 Southeast Transport? 22 A Yeah. I think that was the... 23 Q Okay, and I don't know if you knew, but 24 the company, in responses to some written 25 questions that we posed to the company,</p>	<p>1 MR. HAUSER: You might want to answer yes 2 or no instead of... 3 Q Oh, yes, thanks. 4 A No, no. 5 MR. HAUSER: So the record will be clear. 6 A I don't know what they hauled. 7 Q Thank you very much. DO you have any idea about 8 whether Southeast Transport ever did any business 9 with CVE? 10 A I don't know. 11 Q Okay. Have you ever heard of a company 12 called Knox Auto Parts? 13 A Yes, I have. 14 Q Okay, how'd you come to hear about them? 15 A Well, when you live here, you know, you know all 16 them places, you know. It's auto parts store and 17 sells electrical supplies and a lot of other 18 things, you know. It's a--we did business there. 19 Q We meaning that CVE did? 20 A Uh-huh. 21 Q Okay. Do you know for about how long that business 22 relationship lasted? 23 A No, I don't. I mean, I can't give you a day or a 24 month or a year, you know. I know a few years 25 there we done business there.</p>
Page 18	Page 20
<p>1 the company stated that Ted Hampton was 2 the owner of Southeast Transport, and 3 apparently it was a trucking company. Is 4 that your understanding too? 5 A Say that again. I don't know what you're saying. 6 Q Is it your understanding that Southeast 7 Transport was a trucking company? 8 A A trucking company, yeah, that's what I think, 9 yeah. 10 Q I understand. Did you ever see any 11 Southeast Transport trucks parking on CVE 12 property? 13 A I've saw them down there at times. 14 Q Okay. Did you ever see any--any of the 15 guys who drove those trucks, did you ever 16 see them go into company buildings? 17 A No. Usually wasn't nobody, you know, around, you 18 know. 19 Q Okay. Do you know anybody who did any bookkeeping 20 for Southeast Trucking--Southeast Transport? 21 A No. 22 Q Okay, alright. Do you have any idea of 23 what kind of cargo those Southeast 24 Transport trucks hauled? 25 A Huh-uh.</p>	<p>1 Q Okay, I understand. Do you have any 2 knowledge about how much business that 3 CVE did with Knox Auto Parts? 4 A No, I just know we did business there. If we 5 needed a part we'd go there and get it, you know. 6 That's all I know. I know we always traded there, 7 you know. 8 Q Yeah. So was it pretty continual 9 relationship while it lasted? 10 A Yeah. I think in fact, I may be wrong, but I think 11 we still do some business at that store, you know. 12 Q Okay. 13 A It's a different name now though, but you know, I 14 think we still do some business there. 15 Q Do you know what the name is now? 16 A Frasier Enterprises I believe. 17 Q Frasier Enterprises, okay. Do you know what kind 18 of things they get from Frasier? 19 A Probably--no, I don't know now. I don't know--no, 20 I don't. 21 Q Okay. Do you know what kind of products 22 that Knox provided to CVE? 23 A I'm assuming oil and stuff like that and auto parts 24 of all kinds, whatever we needed, you know. 25 Q What about like equipment for use in the--you know,</p>

1 like in the actual utility work, like lines?  
 2 A I don't know about that. Not that I--I mean, I  
 3 don't know.  
 4 Q Okay, I understand. Now, do you know  
 5 anything about a man named Steve Hampton?  
 6 A Yeah, Steve works here.  
 7 Q He works for CVE? Do you know what he  
 8 does?  
 9 A He's a serviceman.  
 10 Q Okay. And what relationship is he with Ted  
 11 Hampton?  
 12 A He's Ted's nephew.  
 13 Q And do you know whether Steve ever worked  
 14 with Knox Auto Parts?  
 15 A Yeah, he did. I--yeah.  
 16 Q Okay, alright. Do you know whether Steve  
 17 owned Knox Auto Parts?  
 18 A I don't know if he owned it or if Elbert owned it.  
 19 You know, one of them did.  
 20 Q Okay, alright. And was Elbert Steve's...  
 21 A Dad.  
 22 Q ...father?  
 23 A Uh-huh.  
 24 Q Okay, I understand. Was there any event  
 25 that occurred that may have caused the

1 Q Alright. Now, regarding the items that  
 2 Knox provided to CVE do you know whether  
 3 there was any kind of bidding process?  
 4 A I don't have no idea.  
 5 Q Okay, I understand. Do you by any chance know  
 6 where CVE's records about its transactions with  
 7 Knox would be kept?  
 8 A No.  
 9 Q And do you know, have any idea of where  
 10 CVE's general records in other regards  
 11 are kept and stored?  
 12 A No, I don't.  
 13 Q Okay. Now, we've mentioned Elbert Hampton, and I  
 14 think you had mentioned that he is Ted's brother,  
 15 is that correct?  
 16 A That's right.  
 17 Q Did Elbert serve on the board of  
 18 directors of CVE?  
 19 A He does now.  
 20 Q He does now? Do you know who Elbert  
 21 replaced on the CVE board?  
 22 A I believe he replaced--I believe he replaced Mr.  
 23 Ferguson. I believe now.  
 24 Q Okay. Do you know why that happened?  
 25 A Mr. Ferguson got sick. He had a stroke and stuff.

1 relationship to end between Knox Auto  
 2 Parts and CVE?  
 3 A I believe John sold it out. I don't know that--you  
 4 know, but I believe they still do a little business  
 5 there. I may be wrong, you know.  
 6 Q John Rex?  
 7 A Yeah. John Rex sold it out to Elbert and them, and  
 8 then Elbert and--Steve got a divorce, you know, and  
 9 I believe that's when it...  
 10 Q Oh, okay.  
 11 A You know.  
 12 Q So when it...  
 13 A Frasier's took it over, you know.  
 14 Q Oh, I see.  
 15 A More or less. I don't know exactly what--anyway,  
 16 they come to agreement on it some way and the  
 17 Frasier's ended up with it, you know, when it was  
 18 all said and done, but I ain't got no way of  
 19 knowing...  
 20 Q You don't know anything about...  
 21 A ...nothing, you know.  
 22 Q So you just know that roughly about the  
 23 time of Steve's divorce is when the  
 24 relationship between CVE and Knox ended?  
 25 A Pretty--yeah, somewhere in there.

1 Q I understand.  
 2 A I believe that's who he replaced.  
 3 Q Now, we talked earlier about Knox Auto Parts, and  
 4 I think you said Elbert played a role there too?  
 5 A Uh-huh.  
 6 Q You don't know the exact nature of that  
 7 role?  
 8 A I don't know if it belonged to him or if he bought  
 9 it for Steve or--or he helped Steve get it, I don't  
 10 know. It was--it belonged to one of them.  
 11 Q Okay, I understand. Now, do you know  
 12 whether Elbert was ever involved in any  
 13 other businesses?  
 14 A Not that I know of.  
 15 Q Okay. Do you know whether Elbert was  
 16 ever an employee of Cumberland Valley?  
 17 A Yes, he was.  
 18 Q Was he a long-time employee?  
 19 A Yeah, he was there before I come, so I've been  
 20 there for 34 years, so he'd been--when he retired  
 21 he was probably 34 or 35 years in I'd say.  
 22 Q Okay. And do you know what he did there  
 23 at CVE?  
 24 A He was line superintendent for several years there.  
 25 Q Okay, alright. Now, have you ever seen

Page 25

1 or did you ever hear of Elbert Hampton  
 2 filling his personal vehicle with CVE  
 3 gasoline?  
 4 A I've saw that truck down there, but I don't know--I  
 5 didn't really see nobody filling no truck with gas  
 6 or nothing.  
 7 Q Okay, I understand. You mentioned a  
 8 truck. Do you know, what kind of truck  
 9 was that?  
 10 A They was--they've got a line truck and a bucket  
 11 truck now I believe. He does work on the side  
 12 sometimes.  
 13 Q Oh, Elbert does work on the side for CVE?  
 14 A Not that I know of, not for us, but I mean, I  
 15 believe he has during a storm I believe he's worked  
 16 trouble, you know, when we really needed them, you  
 17 know.  
 18 Q Right.  
 19 A And--but other than that, I don't--but  
 20 now, he does work for people out in the  
 21 neighborhood doing this and that, you  
 22 know, and other things, you know.  
 23 Q What kind of truck was this?  
 24 A A bucket truck, he's had a bucket and a digger  
 25 truck, you know.

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1 Q And those trucks, did they at one time belong to  
 2 CVE?  
 3 A No, those trucks...  
 4 Q He bought them from someone else?  
 5 A he bought them somewhere else. I don't know where  
 6 he got them.  
 7 Q Okay. So if I understand you correctly, from time  
 8 to time Elbert would do some work for CVE with  
 9 these trucks?  
 10 A I believe he worked sometimes, a time or two there  
 11 when we had a lot of storm damage. I believe. You  
 12 know, I've saw the trucks, you know, I believe they  
 13 was--to tell you the truth I don't know.  
 14 Q Okay.  
 15 A You know. But I know he had two trucks there at  
 16 times.  
 17 Q You don't know for certain, is that what  
 18 you're saying?  
 19 A That's right.  
 20 Q Okay, I understand. So Elbert owned  
 21 these two trucks, and you said to the  
 22 best of your understanding that from time  
 23 to time if a need arose he would do some  
 24 work for CVE. What other type of work  
 25 did Elbert do with those trucks, do you

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1 know?  
 2 A I've heard of him putting posts or signs and things  
 3 like that. I know he worked at the fire department  
 4 for a while for them up there when they was doing  
 5 their volunteer fire department thing.  
 6 Q Okay.  
 7 A And things like that, you know, anything that had  
 8 to reach, you know, they'd work for them trucks.  
 9 Q Did he do any kind of electrical work?  
 10 A He might have built some lines for mines and things  
 11 like that.  
 12 Q Oh, okay.  
 13 A I believe he did that.  
 14 Q Okay. Have you ever seen or learned  
 15 about Elbert Hampton taking materials  
 16 from the CVE warehouse?  
 17 A Not that I know of.  
 18 Q Okay, alright. Have you ever heard of a  
 19 business called Hubbs Creek?  
 20 A Yeah.  
 21 Q Okay. How did you come to learn about  
 22 them?  
 23 A Well, I think they--they did build miners and stuff  
 24 like that. They rebuilt them mine--mining  
 25 equipment and stuff, and I don't know, they've done

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1 work on bucket, I don't know, our trucks maybe,  
 2 they might have worked some on them.  
 3 Q Okay. So like a mechanical nature of  
 4 work?  
 5 A Yeah, like welding and stuff like that I believe  
 6 when--I believe, I believe they have now. I'm not  
 7 sure. I guess I'm answering when I really  
 8 shouldn't. I probably should just say I don't  
 9 know, you know.  
 10 Q Well, if you don't know that's okay.  
 11 A Really and truly I...  
 12 Q Or...  
 13 A Just I don't know. I don't know.  
 14 Q Or it's okay to say, for instance if you  
 15 had heard from somebody else, if you'd  
 16 just tell us that...  
 17 A Well, I've heard they worked and done a few things  
 18 when our mechanic was too busy to do all...  
 19 Q Okay.  
 20 Q Some of it gets to be a lot, you know,  
 21 and more than he can do, you know, so I  
 22 believe. In my mind I'm thinking that  
 23 anyway.  
 24 Q Okay, I understand. Does Steve  
 25 Hampton's in-laws work there at Hubbs

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1 Creek?  
 2 A I think so. I believe that's some of his folks.  
 3 Q Is one of those in-laws Terry McCreary?  
 4 A Yeah.  
 5 Q Okay. And so the reason that Hubbs does  
 6 mechanical work on these CVE trucks is  
 7 when CVE's mechanic is--doesn't have  
 8 enough time, is that it?  
 9 A That's what I'm thinking now.  
 10 Q Have you ever heard of a business called Air Gas?  
 11 A No.  
 12 Q Do you know of any company that provides  
 13 acetylene to the CVE?  
 14 A No, I don't. I don't know where they get it.  
 15 Q Do you know anything about a power line  
 16 that was run to a cabin off of Red Bird  
 17 Road?  
 18 A No, that's not my area.  
 19 Q Oh, okay.  
 20 A I don't work down in there.  
 21 Q Okay. Does the name J. B. Johnson mean  
 22 anything to you?  
 23 A Yeah, I know that name. At one time, a long time  
 24 ago I believe, he was our attorney.  
 25 Q Okay.

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1 A Maybe not a long--it's a pretty long time ago. You  
 2 know, I remember the name.  
 3 Q Okay. Do you have any idea whether J. B.  
 4 Johnson's still alive?  
 5 A I don't know.  
 6 Q Have you ever heard of a name Bill  
 7 Nighbert?  
 8 A Who?  
 9 Q Bill Nighbert.  
 10 A No.  
 11 Q Okay, alright. Do you know anything  
 12 about the laying of an underground line  
 13 to the Whitley County School System  
 14 building?  
 15 A The new building? I think they put underground  
 16 line in to it, but I don't know anything about it.  
 17 Q Oh, okay.  
 18 A I'm sure it's got underground line though.  
 19 Q Okay.  
 20 A But that's--again, that's not my area, and I really  
 21 don't know, but I know it's got underground line.  
 22 Q In what area is the Whitley County School System?  
 23 A It's in Don Lynch's area, staking area, you know.  
 24 Q Okay.  
 25 A It's in Whitley County, down close to Williamsburg.

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1 Q Okay. And is that the same for Red Bird  
 2 Road, is that Don Lynch's?  
 3 A That's in Whitley County too, yeah, down in there.  
 4 Q Okay. Now, in the course of your  
 5 employment there at CVE did you ever hear  
 6 about any lines being laid which were not  
 7 necessary?  
 8 A No. We put one line that was put in to be a  
 9 balance line, you know, to balance the phases, you  
 10 know, and it was talked about it not being needed,  
 11 but it probably was if you looked into it deep  
 12 enough, you know, to balance the phases and stuff,  
 13 it was needed at the time.  
 14 Q Alright.  
 15 A But other than that, I don't know.  
 16 Q Okay. Have you ever attended company  
 17 annual meeting?  
 18 A Uh-huh.  
 19 Q About how often did you go to those?  
 20 A Annually.  
 21 Q Oh, every year? Okay. You went there  
 22 every year?  
 23 A Pretty much, yeah. I might have missed one or two,  
 24 but I didn't miss many though.  
 25 Q Good for you. Do you have any idea--any

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1 knowledge about how people come to be on  
 2 the board of directors?  
 3 A Not a whole lot I don't. I don't know how exactly  
 4 it works. I know you have to register to run or  
 5 something and you've got to register ahead of time  
 6 or something.  
 7 Q Yeah.  
 8 A I don't know a whole lot about that. I don't know  
 9 enough about it to talk to you about it because I  
 10 don't understand how it works.  
 11 Q Okay. There at the annual meetings did  
 12 you ever hear any announcements,  
 13 something that to the effect that it's  
 14 time for the election for the board of  
 15 directors?  
 16 A To tell you the truth I'm usually out there around  
 17 them buckets and bulbs and taking care of, you  
 18 know...  
 19 Q Oh, okay.  
 20 A ...jobs and stuff, you know. I don't really sit in  
 21 the meeting actually itself. I go out there and  
 22 handle--hand out this and hand out that...  
 23 Q So you're working...  
 24 A ...people wins and stuff. I'm usually working and  
 25 really I ain't got much time to look up, you know.

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1 Q Oh, I understand, okay. I understand.  
 2 Alright. Did you ever, when you're there  
 3 at the annual meetings I know you're  
 4 working, but did you ever see any ballot  
 5 boxes?  
 6 A Yeah, the girls takes care of all that I believe up  
 7 front.  
 8 Q Okay.  
 9 A They've got the tickets and the--all that  
 10 information a desk just like this right here, you  
 11 know, it'll be lined up down through there and  
 12 they'll start up here, A, B, C, D, you know, and  
 13 everybody falls in their own little line, you know,  
 14 and they take care of all that now. Yeah, I've  
 15 seen the ballot boxes.  
 16 Q Okay. Did anybody at the company ever  
 17 ask you to fill out the names of CVE  
 18 members on absentee ballots?  
 19 A No.  
 20 Q For the board of directors...  
 21 A I've not filled out names on them or anything.  
 22 Q Do you have any knowledge about the  
 23 keeping of corporate minutes?  
 24 A No.  
 25 Q Have you ever--do you know anything about

1 Q Okay. Do you know anything about any occasions  
 2 where the company added money to work projects?  
 3 A I don't know. I ain't got no way of knowing that,  
 4 I really...  
 5 Q Now, in the course of our talking today,  
 6 we talked about several people who are  
 7 related to Ted Hampton who either now or  
 8 maybe in the past have worked for CVE.  
 9 We talked about Karen and Steve Hampton  
 10 and John Rex, although I think you said  
 11 you weren't sure if he ever worked for  
 12 CVE, is that right?  
 13 A Not that I know of.  
 14 Q Okay. Is there any other Hampton  
 15 relatives who work for CVE or ever have?  
 16 A Well, Jay, Jay works for us.  
 17 Q Is he also known as William Hampton?  
 18 A Yeah. Steve, Jay. I'm almost blank right now.  
 19 You've kind of got me in a deer in the headlight  
 20 thing now.  
 21 Q That's okay. We've been going a long  
 22 time.  
 23 A That's pretty much, you know.  
 24 Q Okay. During the course of your--we're  
 25 almost done, we're just about there.

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1 a truck that CVE once owned that was  
 2 called CVE truck No. 61?  
 3 A No. What kind of--no.  
 4 Q I'm not--I really don't know what kind of truck it  
 5 was. Was it a bucket truck?  
 6 A I'm not--I don't know.  
 7 Q Do you ever run across any instances  
 8 where, or does this ring a bell, of any  
 9 times when the company may have sold  
 10 trucks to individuals for one reason or  
 11 another?  
 12 A Yeah, we sell them once every two or three year I  
 13 guess, you know, when we get a bunch of junkers  
 14 there, you know, they'll put them...  
 15 Q Okay.  
 16 A They'll turn them out to people and they'll bid on  
 17 them on a sealed bid and stuff.  
 18 Q Okay. And did you ever hear of a bucket  
 19 truck getting into an accident and then  
 20 after it was fixed it was sold to  
 21 somebody?  
 22 A No, I know we had a bucket truck in a accident  
 23 once. Well, we might have had more than once, you  
 24 know, but--but I don't know about it being sold  
 25 though.

1 A Well, good.  
 2 Q During the course of your employment with CVE did  
 3 anybody ever ask you to do anything that you  
 4 questioned or caused you any cause for concern?  
 5 A No, I just do as I'm told and stuff, you know, and  
 6 pretty much--no, nothing out of the way.  
 7 Q Okay. Have you ever heard of CVE being  
 8 referred to as Hampton Valley?  
 9 A Yeah, I have.  
 10 Q I'm going to go back, and earlier I asked  
 11 you about a company called Hubbs Creek.  
 12 You had mentioned that you had heard that  
 13 Hubbs Creek did work on CVE trucks. Do  
 14 you know who you heard that from?  
 15 A No, I don't. I just heard the talk. I don't know.  
 16 Q Okay.  
 17 A I don't know where it come from, but I've heard the  
 18 talk though.  
 19 Q Can't recollect?  
 20 A Don't remember.  
 21 Q Okay. Is there any other concern you  
 22 want to share with us while we're here?  
 23 A No.  
 24 MR. COOK: Okay. Then that's all the  
 25 questions I have right now. But there

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1 might be some other questions from the  
2 other attorneys.  
3 A Okay.  
4 CROSS EXAMINATION BY MR. HAUSER:  
5 Q Yeah, Randall, I'm going to ask you a few  
6 questions. You talked a little bit about Knox Auto  
7 Parts. You said the name Frasier Enterprises too.  
8 A Yeah.  
9 Q To your knowledge is it still doing  
10 business as Knox Auto Parts? Is that  
11 still on the sign?  
12 A I think it's--I think it's called Frasier  
13 Enterprises now.  
14 Q Knox Auto Parts as the location, how long has it  
15 been there to your knowledge?  
16 A Years.  
17 Q Can you remember when it wasn't there?  
18 A When it wasn't? Yeah, I can. Used to be a car lot  
19 thing there, a dealer there, but that's when I was  
20 just a little boy, you know, but Knox Auto Parts  
21 thing's been there for 40 year probably anyway.  
22 Q You indicated, do you know whether or not  
23 Cumberland Valley still does business with Knox  
24 Auto Parts?  
25 A I believe they do.

1 A No.  
2 Q What department do you work in?  
3 A Engineering department.  
4 Q How long have you worked there?  
5 A Thirty...  
6 Q In the engineering department?  
7 A Thirty-one years.  
8 Q Thirty-one in the engineering department?  
9 A Yes, sir.  
10 Q Did you work directly under Mr. Carroll?  
11 A Yes, sir, I did.  
12 Q His testimony is he worked at Cumberland  
13 Valley Electric in engineering department  
14 from May 4th, 1995, to July the 27th,  
15 2004. Does that sound about right to  
16 you?  
17 A Sounds about right, yeah.  
18 Q During that period of time, May of 1995  
19 to July of 2004, were you working  
20 directly under Mr. Carroll?  
21 A Yes, sir.  
22 Q What was his job, the best of your  
23 knowledge?  
24 A He was head engineer.  
25 Q Was he in charge of the Turtle program?

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1 Q You indicated earlier that they sell, of  
2 course, obviously auto parts?  
3 A Yeah, yeah.  
4 Q Do they sell items, other items that  
5 Cumberland Valley might use?  
6 A Pipe and stuff like that, yeah, and they sell bush  
7 axes and things like that I believe, and...  
8 Q In response to one of the questions here  
9 just recently, I'm kind of going in  
10 reverse order, but counsel asked if you  
11 had been asked to do anything for  
12 Cumberland Valley that you didn't feel  
13 like you should do and you said you do  
14 what you're told. Let me ask you this,  
15 have you ever done anything that you felt  
16 like was illegal or improper...  
17 A No, sir.  
18 Q ...as an employee of Cumberland Valley  
19 Electric?  
20 A No, sir.  
21 Q Have you ever been asked to do anything...  
22 A No, sir.  
23 Q ...that you felt like was out of line at  
24 Cumberland Valley Electric, anybody at  
25 Cumberland Valley Electric?

1 A Yeah. As far as I know.  
2 Q Did he review any of the staking that you  
3 all did?  
4 A No, he just made sure we done it, you know. He  
5 didn't really--I never saw--he might have reviewed  
6 it for all I know, but not that I know of, not  
7 particularly, you know.  
8 Q Did you usually go in to work at the Gray  
9 office prior to going out on your  
10 designation--designated tasks...  
11 A Yeah.  
12 Q ...that you had to do for a particular  
13 day?  
14 A Most of the time, yeah. Not every time, but most  
15 of the time. Sometimes we'd meet somebody at a  
16 certain time, you know, somewhere or something, but  
17 most of the time we started at the office, so.  
18 Q So did you or did you not get  
19 instructions from Joe on your daily work?  
20 A Well, Joe always told us if you'll do your work and  
21 keep everybody happy said I'll be happy, you know,  
22 and that's what we tried to do, we tried to keep  
23 everybody happy. Sometimes it's a pretty good  
24 little job, but you know, most of the time it's not  
25 that bad, you know.

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1 Q	All the new hook-ups and all of that	1	Cook's questions about a three phase line
2	every month in your area, you would be	2	and a question about whether or not three
3	responsible for, is that correct?	3	phase line was necessary or not.
4 A	That's right, yeah.	4 A	That's been a long time ago, it was Duck Run, down
5 Q	Tell these folks about how many hook-ups	5	in there, it was questions come up on it, you know,
6	you all would average new a month in your	6	people used to talk about that a lot, why did they
7	area.	7	build that line down in that country for nothing,
8 A	Well, how many tickets I run a month was usually 90	8	you know. But you know, you realize things is done
9	or so, you know, anywhere from 70 to 100.	9	for a reason usually, and it was explained to me,
10 Q	But now, Cumberland Valley continues to	10	you know, it was built to separate load, balance
11	grow on its residential, does it not?	11	the phases. It's got to be--it's got to be kept
12 A	Oh, yes.	12	pretty balanced. If it don't it won't--it ain't
13 Q	And is the growth mostly in your area?	13	good.
14	Or is that--is that...	14 Q	Do you have any personal knowledge of any
15 A	A big lot of it is, but now, there's a lot of	15	line anywhere in Cumberland Valley's
16	growth in Donald's area too.	16	system that was built unnecessarily?
17 Q	Who has...	17 A	No. We're so far ahead of things, I mean, you
18 A	Around that interstate and stuff, and they's a lot	18	know, I don't mean to toot our own horn or nothing,
19	of growth around there too.	19	you know, but now, we're pretty up on everything on
20 Q	Who has the West Knox area, West Knox?	20	building the lines and stuff. Everybody else is
21 A	Donald does.	21	still trying to do what we done years ago, you
22 Q	The reason I ask that, that seems to be a	22	know, and we stay out front on a lot of that stuff,
23	growing area.	23	but it eventually--well, it has eventually paid
24 A	Oh, yeah, it is. Donald's got the 830 and out in	24	off. I mean, it's--things, a lot of times it might
25	there.	25	not look like it needs done, but you know, you've
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1 Q	Did--while you worked with Joe do you	1	got to be able to see just a little bit ahead, you
2	recall his being a regular employee there	2	know, and so far--well, I think we've done real
3	working five days a week? Did he work	3	good at doing that, and that's the reason we've got
4	five days a week when he was there?	4	good power to all of our big load sites now where
5 A	Well, yeah. I mean--well, I mean, you know...	5	it wasn't nothing, used to be nothing out there,
6 Q	Let me ask you this, prior to his being--	6	and now we've got subdivisions that if we didn't
7	prior to his being--him leaving	7	have them lines in place we'd have been hurting.
8	employment in July of 2004, say the last	8 Q	Have there been any, for example,
9	year or two, was Joe regularly around	9	industrial parks built in the area
10	Cumberland Valley office?	10	that...
11 A	No.	11 A	Oh, yeah.
12 Q	Did you happen to have an occasion in	12 Q	Could you tell the Commission and
13	your job to try to get up with him and	13	Attorney General what you're referring to
14	couldn't get up with him?	14	there?
15 A	No, I never--we never really--I never really needed	15 A	Well, a lot of those places we already had three
16	to get up with him very much. I worked with Jay a	16	phase lines in position on and really had a upper
17	lot, and if I needed something I'd go to Jay. Of	17	hand on it, and then I'm not saying we didn't have
18	course, Joe was my boss, you know, but really we	18	to go back and do some of it over anyway, but still
19	never talked that much. It's kind of like I told	19	yet though, we had power for them to get started on
20	you while ago, if the work's done, why, he's happy,	20	already waiting on them there. A lot of these
21	you know, he don't--he didn't bother me any way or	21	sites that wouldn't have been, you know, if it
22	anything, as long as I kept up my work and stuff.	22	wouldn't have been planned ahead.
23	I didn't really talk to Joe every day even when he,	23 Q	You were asked some questions about vehicles,
24	you know, was there every day, you know.	24	trucks and things being parked on Cumberland Valley
25 Q	You mentioned in reply to one of Mr.	25	Electric's property. Are you aware of other kinds

1 of vehicles or vehicles of any kind that are parked  
 2 on Cumberland Valley's property?  
 3 A Yes, I am.  
 4 Q Give us an example of what.  
 5 A I've got one right now that's parked there. My  
 6 vehicle.  
 7 Q Is it routine to see the ambulance  
 8 service parked out there?  
 9 A Uh-huh.  
 10 Q Is it routine to see Kentucky State  
 11 Police parked there?  
 12 A Oh, yes. Yeah.  
 13 Q Why would the Kentucky State Police be  
 14 parked there?  
 15 A Their office is there.  
 16 Q Will you explain--do you know what--these  
 17 people might not know. What office is  
 18 there?  
 19 A Well, it's the Kentucky State Police office, and  
 20 it's there for them and us, it's our protection,  
 21 you know, and they are there with their office  
 22 right there, you know, and then that way if we have  
 23 a robbery up front or something, I mean they're  
 24 right there most of the time, you know. And I  
 25 don't know, to me it's just a plus.

1 in that usually. They'll ask me if they's anything  
 2 that I know of, you know, that needs to be done,  
 3 but that goes in on a work plan, you know, thing.  
 4 Most of that does.  
 5 Q When you said that it had been explained  
 6 to you that those lines were necessary  
 7 for balancing, who explained it to you?  
 8 A Well, the superintendent did.  
 9 Q And who was that at the time?  
 10 A At the time that was Jay.  
 11 Q Jay Hampton?  
 12 A Yeah. At the time the Duck Run line was though, it  
 13 was Elbert.  
 14 Q I'm sorry?  
 15 A At the time the Duck Run line was built I guess it  
 16 was Vernon Wilder, wasn't it, Ted? I would  
 17 imagine.  
 18 MR. HOWARD: Sir, you'll have to...  
 19 MR. HAUSER: Yeah, you just have to...  
 20 MR. HOWARD: ...answer questions on your  
 21 own.  
 22 A Okay.  
 23 MR. HOWARD: Thank you.  
 24 A Well, as best I know, at that time it would have  
 25 been Vernon Wilder or Elbert Hampton one that did

1 Q In the course of your employment over the last  
 2 thirty-some years with Cumberland Valley Electric  
 3 at the Gray location, the main office, have you  
 4 noticed other, you know, vehicles coming in, in and  
 5 around the Cumberland Valley property?  
 6 A Yeah, they's been other vehicles in and out of  
 7 there all--there's stuff in and out of there all  
 8 the time.  
 9 Q Are you aware of any representative of  
 10 the Attorney General's Office that parks  
 11 there? William Stewart?  
 12 A Oh, yeah, yeah.  
 13 Q Who is he?  
 14 A He's a former state police. He's a--I guess he is  
 15 assistant--he's connected there some way to that  
 16 Attorney General.  
 17 MR. HAUSER: That's all the questions I  
 18 have.  
 19 CROSS EXAMINATION BY MS. MITCHELL:  
 20 Q I have just one or two. When you were talking  
 21 about the three phase lines that were being built,  
 22 who made those decisions to build those lines, to  
 23 add those lines, to balance it?  
 24 A Gee, I don't know. It's on the--you know, I've  
 25 been there a long time, but I ain't really involved

1 that, you know, but now, that's been a long time  
 2 ago and it's really--that's been years ago when  
 3 that was done.  
 4 MS. MITCHELL: Okay, thank you. I have  
 5 no further questions.  
 6 REDIRECT EXAMINATION BY MR. HOWARD:  
 7 Q Just a few, if I may, sir. You had indicated that,  
 8 if I understood correctly, Mr. Carroll and I think  
 9 it was Mr. Amber above you, what's the gentleman's  
 10 name, that generally speaking if you did your job  
 11 and kept everybody happy?  
 12 A Oh, yeah, Joe, that was Joe, yeah.  
 13 Q Okay, that everything was--that was Joe,  
 14 Mr. Carroll?  
 15 A Yeah, yeah.  
 16 Q So I assume then that, is it your opinion  
 17 and your understanding that Joe must have  
 18 been checking on you to make sure you  
 19 were doing your job?  
 20 A Oh, yeah, he would--he would come in and check our  
 21 sheet, you know, and see if we had everything  
 22 staked up, you know, about once a week or  
 23 something, he'd look at that, you know, and if we  
 24 didn't, why, he'd want to know what about this one  
 25 and what about that one, you know.

1 Q So he was...

2 A And we'd tell him why, you know, it wasn't done or

3 what the problem, the hold-up on it was, you know,

4 maybe right-of-way, maybe we just couldn't get up

5 with them or something, you know, but yeah, he'd

6 touch base with us every now and then on that.

7 Q So he was aware of your responsibilities

8 and what you were getting done and what

9 you were not getting done, correct?

10 A Uh-huh, yeah.

11 Q And so he would talk to you if you weren't meeting

12 the things that he thought needed to be done?

13 A Yeah, if a question come up, you know, and you

14 know, he'd confront us with it, you know.

15 Q You were asked just a moment ago by Counsel Hauser

16 about personal vehicles and you said there are a

17 lot of personal vehicles and perhaps other vehicles

18 showing up with people making their payments on

19 their bills and the like?

20 A Uh-huh.

21 Q You indicated the state police are there

22 and that's because they've got an office?

23 A Right.

24 Q Would you expect other companies' trucks

25 to be parked there on a frequent basis

1 there, you know.

2 Q Right.

3 A So we probably already had enough, you know, to do-

4 -to do some of that three phasing, you know, but

5 now, we did add some more on after the industrial

6 park, you know, started going in and we've--well,

7 we've--well, you probably know, we lost part of

8 that, you know, to KU. It's the same deal we was

9 in before, but we probably--I just thought it was

10 alright. I mean, you know, that's just my feeble

11 minded thought, you know, so.

12 Q Well, I don't want you to discount

13 yourself, but you would defer to people

14 above you for that type of planning?

15 A Yeah.

16 Q Right?

17 A Yeah. Yeah, they do that.

18 Q Okay. And it's my understanding that

19 those decisions were made by, it was

20 either Elbert or someone else?

21 A Someone else, it wasn't me, yeah.

22 Q Was that Mr. Carroll that made those

23 decisions?

24 A Well, I don't know. He's probably had a hand in

25 it, you know, but I don't know, I think that's

1 unless they had an office there?

2 A Well, I--no, not really, you know.

3 Q In regard to the person from the Attorney General's

4 Office, does that person have an office assigned to

5 him there?

6 A Not that I know of. They might have, I don't--I

7 don't really know.

8 Q So do you know why...

9 A Not that I know of.

10 Q Right. So but do you know why he's

11 there?

12 A Huh-uh. No, I don't.

13 Q He's not working for Cumberland Valley, is he?

14 A Not that I know of.

15 Q Okay. You were talking a moment ago

16 about how you're happy that you were able

17 to get a lot of these lines built and

18 that you thought that you were ahead of

19 the gang if I understood you, right?

20 A Yeah.

21 Q Do you know if at the time they had

22 already planned for developments and the

23 like out there? Were there plans...

24 A Well, that land was developing anyway, you know, I

25 mean, there's subdivisions and stuff all around

1 something they all talk over, you know. I've heard

2 them in there talking about it, but I really don't

3 know how that works. I'm not in on them decisions

4 like that.

5 MR. HOWARD: Okay, thank you.

6 A Uh-huh.

7 MR. HAUSER: I have no other questions.

8 (Deposition adjourned at 3:55 p.m.)

9 STATE OF KENTUCKY

10

11 COUNTY OF KNOX

12

13 I, Virginia Bunch, the undersigned Notary Public

14 within and for the State of Kentucky at Large, do hereby

15 certify that the foregoing was heard before me on the date

16 and for the purpose as set out in the caption thereto; that

17 before testifying, the witness was, by me, duly sworn; that

18 his testimony was taken down in shorthand and later reduced

19 to typewriting, and the foregoing is a true and correct

20 transcript of my notes; that no written request having been

21 received by me, the deposition was not read or subscribed to

22 by the witness.

23 Given under my hand this \_\_\_\_\_ day of January,

24 2006.

25

26 VIRGINIA BUNCH

27 NOTARY PUBLIC

28 STATE OF KENTUCKY AT LARGE

29

30 MY COMMISSION EXPIRES: May 30, 2008.

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ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )  
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187  
ELECTRIC, INC., )

DEPOSITION OF TERESA GREGORY

\* \* \* \* \*

The deposition of TERESA GREGORY was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 11:45 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\* \* \* \* \*

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COMMISSION

Elie Russell; from Cumberland Valley Electric Mr. James Adkins.

\* \* \* \* \*

I N D E X

WITNESS:

PAGE:

TERESA GREGORY:

Direct examination by Mr. Cook:	3-24
Cross examination by Mr. Hauser:	24-28
Redirect examination by Mr. Howard:	28-29
Reporter's Certificate:	29

1                    TERESA GREGORY, having been first duly sworn by the  
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q                Ms. Gregory, my name is Larry Cook, and I'm with  
5 the Attorney General, Office of Rate Intervention.  
6 Seated here to my right is Dennis Howard. He's my  
7 boss at the same office. And we have--I'm going to  
8 ask the other people just to introduce themselves,  
9 if that's okay, Anita.

10                    MS. MITCHELL: I'm Anita Mitchell,  
11 representing the Public Service  
12 Commission.

13                    MS. EDWARDS: I'm Andrea Edwards with the  
14 Public Service Commission.

15                    MR. RUSSELL: Elie Russell with the  
16 Kentucky Public Service Commission.

17                    MR. HAMPTON: You know Pat and myself.

18 A                I know Pat, yeah.

19 Q                And you know Mr. Hauser?

20                    MR. HAUSER: Pat Hauser.

21 Q                And this is our court reporter.

22                    MR. HAUSER: The gentleman that was here  
23 earlier, he's...

24                    MR. HOWARD: Darvin Sabastian is also  
25 with the Attorney General's Office.

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He'll be back momentarily.

A I think I met him a moment ago out in the lobby.

Q That's right. Well, as you may know, Cumberland Valley has requested a rate increase, an increase from the Public Service Commission, and in the course of this deposition we're going to be asking some questions about Cumberland Valley's business practices, and we're going to refer to Cumberland Valley as CVE, okay? Now, if you don't understand any questions I'm asking, feel free to speak up and I'll rephrase it so you can understand. Otherwise, we'll assume that you do understand the question.

A Okay.

Q Also, when you're giving a deposition like this, you need to--if you say yes or no, sometimes if you're like me you want to nod your head or shake your head. You need to say it verbally.

A Okay.

Q Okay? And also from time to time some of the attorneys may impose objections in the record, and if that's the case we'll just stop and let the attorney pose their objection and state what their objection is, but after they're finished you can go ahead and answer the question, okay?

1 A Okay.

2 Q Alright. So having said that, we'll go ahead and  
3 start. Do you realize that you're--first of all,  
4 let me get you to spell your name for us.

5 A Whole name?

6 Q Yes.

7 A T-e-r-e-s-a, G-r-e-g-o-r-y.

8 Q And could you tell us your address?

9 A Physical?

10 A Yeah, your home address.

11 A 200 Youngs Creek Road, Corbin, Kentucky.

12 Q Thank you very much. And what's the zip  
13 code?

14 A 40701.

15 Q Great. Do you realize that you're under oath?

16 A Yes.

17 Q Okay. Are you taking any medications or  
18 any other substance that might prevent  
19 you from providing honest and direct  
20 answers today or which could interfere  
21 with your recollection?

22 A No.

23 Q Okay, great. Thank you. Is your  
24 presence here today in response to a  
25 subpoena that was served upon you to

1                   compel you to provide testimony?

2    A               Yes.

3    Q               Thank you.  Could you tell us about your

4                   educational background?

5    A               I have one year of college.

6    Q               Okay.  Did you attend high school?

7    A               Yes.

8    Q               Okay, was that anywhere here locally?

9    A               Knox County.

10   Q               And what kind of courses are you studying

11                   in college?

12   A               Business.

13   Q               Okay.  And are you currently employed?

14   A               Yes.

15   Q               In what capacity?

16   A               At Cumberland Valley Electric.

17   Q               Okay, and what do you do there?

18   A               I work with meter reading and with safety.

19                   REPORTER:  With what, safety?

20   A               Safety.

21                   MR. HAUSER:  Excuse me, you might want to

22                   speak up, Teresa, so we...

23   A               Okay.

24                   MR. HAUSER:  So everything will...

25   A               I work with meter reading system, is one of my main

1 jobs, and I work with safety, and just different  
2 jobs that the engineer or line superintendent needs  
3 done.  
4 Q Have you ever done anything else at CVE?  
5 A Yeah, I worked in billing for sixteen years.  
6 Q Okay. And when did you first start  
7 working for CVE, about what year?  
8 A Twenty years, so it's 1985.  
9 Q Okay. What kind of bills did you receive  
10 when you worked in the billing  
11 department?  
12 A I worked in the consumer billing department.  
13 Q Oh, okay. In your job at CVE did you ever make any  
14 payments to businesses and individuals who sent  
15 billings to CVE?  
16 A I worked with the material, like the line material  
17 bills is the ones that I worked with.  
18 Q What do you mean by the line material?  
19 A Transformers, poles, wire.  
20 Q Okay.  
21 A That material that's needed to build jobs.  
22 Q Okay, so if I understand correctly then, if there  
23 is a CVE contractor doing construction work that  
24 you might at one time have run across those bills,  
25 is that right?

1 A No.

2 Q Okay.

3 A This is only from vendors that we buy material  
4 from.

5 Q Oh, okay. So you would buy--the company would buy  
6 material from these vendors?

7 A Uh-huh.

8 Q And you would run across those bills  
9 during the time that you were doing that?

10 A I still do that.

11 Q Oh, you still do, okay. What are some of  
12 the vendors that you work with?

13 A Brownstown Electric, Electrical Sales, Tennessee  
14 Valley, United Utility, Westco, Hunt Technologies,  
15 Soloman, Baldwin Poles, High Tech Metering. That's  
16 the gist of them.

17 Q Okay. Has Ted Hampton approached you  
18 about your answers to the questions we  
19 might pose to you today?

20 A No.

21 Q Okay. Has Mr. Hampton or anyone at his  
22 behest either directly stated or in any  
23 way insinuated that you should have  
24 amnesia or otherwise be forgetful?

25 A No.

1 Q Are you in fear of losing your job or any other  
2 adverse consequences if you provide truthful  
3 answers to these questions?

4 A No.

5 Q Have you--during the course of your  
6 employment with CVE did you have  
7 opportunity to work with other CVE  
8 employees?

9 A Yes.

10 Q Okay, who?

11 A Have I worked with since I've been there?

12 Q Yes.

13 A Present, past, all...

14 Q Well...

15 A That I've worked directly with?

16 Q Sure, yeah.

17 A Okay, when I was in the billing department I worked  
18 with Alma Martin, and she's retired; and Karen  
19 Hampton and Rosetta Eaton, Linda White, and that's  
20 the ones I worked with directly. And since I've  
21 been in the engineering building, which has been  
22 four years, I've worked with Joe Carroll, and now  
23 with Mark Abner and with Jay Hampton and with the  
24 three staking engineers, Donald Lynch, Randall  
25 Campbell and Chad Ferguson.

- 1 Q Alright. Did you also have opportunity to work  
2 with the manager, Ted Hampton?
- 3 A He's my boss, but I may not direct--you know.
- 4 Q Okay.
- 5 A Not on a, normally on a day to day basis.
- 6 Q Alright. During the course of your  
7 employment at CVE did you have any  
8 opportunity to learn of the name of an  
9 individual named Ken Lay?
- 10 A Yes.
- 11 Q How did you run across his name?
- 12 A From him being in our office.
- 13 Q Was Ken Lay an employee of CVE during the time you  
14 worked there?
- 15 A Not that I'm aware of.
- 16 Q Was he ever a CVE employee?
- 17 A Not that I know of.
- 18 Q Do you know whether Mr. Lay owns a  
19 business?
- 20 A Yes.
- 21 Q What is its name?
- 22 A Lay Tree & Brush I think.
- 23 Q Okay. Does that business do work for  
24 CVE?
- 25 A Yes.

1 Q Do you know what kind of work?  
2 A Clearing right-of-way is all I know.  
3 Q Did you ever run across any bills that  
4 Mr. Lay submitted on behalf of his  
5 company?  
6 A No.  
7 Q Do you have any knowledge about the billing  
8 arrangements between Mr. Lay and CVE?  
9 A None at all.  
10 Q Do you know the basis of how Mr. Lay is  
11 paid for the services he provides?  
12 A No.  
13 Q Do you know whether Mr. Lay and his  
14 company provide the equipment they use to  
15 perform their services for CVE?  
16 A No.  
17 Q Are you familiar with an entity known as C&C  
18 Automotive Center?  
19 A No.  
20 Q Did you ever run across any bills from  
21 them?  
22 A No.  
23 Q Do you have any knowledge regarding CVE's  
24 bidding practices?  
25 A I do on material.

1 Q Okay, tell me how you--tell me the extent of your  
2 knowledge on bidding practices for material.  
3 A When Jay gives me his bid sheet then I send it out  
4 to five vendors. That's...  
5 Q Tell me what the bid sheet is.  
6 A It's just the sheet of material that he needs.  
7 Q Okay.  
8 A He usually does it usually every week.  
9 Q Jay meaning Jay Hampton?  
10 A Jay Hampton. And I send it out to Brownstown,  
11 Electrical Sales, Tennessee Valley, United Utility  
12 and Westco, and then on Thursday afternoon he sits  
13 down and goes over the bids, tells me which ones to  
14 put on the PO's, and then he signs the PO's.  
15 Q Okay. To your knowledge with any of the  
16 vendors with whom you're familiar, do any  
17 of them have on their staff any relatives  
18 of Ted Hampton?  
19 A No, none that I'm aware of.  
20 Q Does Ted Hampton manage business  
21 relations with CVE's contractors?  
22 A I wouldn't know. I would assume, but I don't know.  
23 MR. HAUSER: I'm not sure I understand  
24 that question. What do you mean?  
25 MR. COOK: Well, she said--she answered.

1 MR. HAUSER: Oh, okay. I didn't quite  
2 understand it myself.

3 MR. COOK: I guess she understood.

4 MR. HAUSER: Okay.

5 Q In the course of your work at CVE did you ever  
6 learn of any pieces of equipment that came to your  
7 attention in particular?

8 A What kind of...

9 Q Well, for instance, a bulldozer?

10 A No.

11 Q Okay. Do you know whether CVE has a  
12 bulldozer?

13 A No.

14 Q You don't know, okay. Do you know who  
15 Ronnie Corey is?

16 A Yes.

17 Q How does--tell me, is he a friend of Ted  
18 Hampton's?

19 A I don't know that.

20 Q How did you come to know Ronnie Corey?

21 A From doing contract work.

22 Q What kind of contract work?

23 A Building power lines and...

24 Q Okay, does Mr. Corey own a company?

25 A Yes.

1 Q What is the name?  
2 A I think it's Five-C Construction. I'm not  
3 positive.  
4 Q Okay. And when you say construction, you're  
5 talking about of power lines?  
6 A I assume. I don't--I just--that's what I remember  
7 the name of it being.  
8 Q Okay.  
9 A Is that what you're asking me?  
10 Q Well, when you say assume, I guess we have to be  
11 careful about it, so.  
12 A Right.  
13 Q Do you have any facts--do you know  
14 anything for certain about that or...  
15 A No.  
16 Q Okay. Do you have any knowledge about  
17 billing arrangements for any occasions in  
18 which contractors might have used CVE  
19 equipment?  
20 A No.  
21 Q Do you know who the accountant for Five-C  
22 Construction is?  
23 A No.  
24 Q Are you familiar with an individual named  
25 John Rex Hampton?

1 A Yes.

2 Q Is he related to Ted Hampton?

3 A Yes.

4 Q Is John Rex Hampton married?

5 A Yes.

6 Q What's his wife's name?

7 A Karen.

8 Q Does Karen work for CVE?

9 A Yes.

10 Q What does she do?

11 A Assistant bookkeeper.

12 Q Okay. Does J. R. Hampton now or has he

13 at anytime ever worked for CVE?

14 A I didn't understand the name. Who?

15 Q John Rex Hampton, J. R. Hampton.

16 A Oh, not that I'm aware of.

17 Q Do you know whether J. R. Hampton has ever sent any

18 billings to CVE?

19 A I wouldn't know that.

20 Q Okay. We discussed Karen Hampton and you

21 said she's assistant bookkeeper, is that

22 correct?

23 A Yes.

24 Q In her role does she have the ability to

25 execute financial documents like payments

1 to vendors?

2 A I wouldn't know that.

3 Q You don't know?

4 A I don't really know. I know she does payroll.

5 Other than that, I--I don't really know what her

6 duties are.

7 Q Okay. In the course of your work have

8 you ever run across an entity, a business

9 that was known as SECC?

10 A No.

11 Q Do you have any knowledge about an entity

12 known as Southeast Petroleum?

13 A No.

14 Q Have you ever heard of a business called

15 Southeast Petro Mart?

16 A No.

17 Q Have you ever heard of a business called

18 Southeast Transport?

19 A No.

20 Q Did you know that in CVE's responses to

21 the Attorney General's discovery request,

22 the company stated that Ted Hampton was

23 the owner of Southeast Transport?

24 A I didn't know that.

25 Q Okay. Have you ever seen any vehicles

- 1 owned by Southeast Transport?
- 2 A Not that I know of. I've never heard of the name
- 3 before.
- 4 Q Okay. Did you ever see any tractor
- 5 trailer trucks that were ever present on
- 6 CVE's property?
- 7 A No.
- 8 Q Okay.
- 9 A Just a consumer maybe, stopped by to pay their
- 10 electric bill in one.
- 11 Q Okay. Did you have any knowledge of a
- 12 business called Knox Auto Parts?
- 13 A Yes.
- 14 Q How did you come to know that business?
- 15 A Karen Hampton's husband, John Rex, owned it when I
- 16 started working there.
- 17 Q Do you know whether Knox Auto Parts ever
- 18 transacted business with CVE?
- 19 A I wouldn't know that.
- 20 Q Did you ever run across any bills from Knox Auto
- 21 Parts?
- 22 A No.
- 23 Q Have you ever heard of an individual
- 24 named Steve Hampton?
- 25 A Yes.

1 Q How did you come across him? Have you  
2 ever worked with him?  
3 A He's a serviceman at work.  
4 Q Okay, what does he do as a serviceman?  
5 A Connects, disconnects, meter changes.  
6 Q Okay.  
7 A Outages, stuff like that.  
8 Q Does Steve Hampton bear any relationship  
9 with Ted Hampton?  
10 A It's his nephew.  
11 Q Do you know where CVE stores its records?  
12 A No. What, business--what kind of records?  
13 Q Any and all.  
14 A I know there's some in the vault and some in the  
15 basement, but as far as all of them, no, I wouldn't  
16 know.  
17 Q Have you ever heard of an individual  
18 named Elbert Hampton?  
19 A Yes.  
20 Q Do you know what his relationship is with  
21 Ted Hampton?  
22 A Yes, his brother.  
23 Q Okay. Did Elbert Hampton ever serve on  
24 the board of directors of CVE?  
25 A He does now.

- 1 Q Okay. And do you know about when that  
2 occurred?
- 3 A No, I don't. It's been a few years, but I don't  
4 know when.
- 5 Q Do you know anything about how Elbert  
6 came to be on the board?
- 7 A No.
- 8 Q Okay. Do you know whether Elbert Hampton  
9 was ever involved in any other  
10 businesses?
- 11 A No, I don't.
- 12 Q Do you know whether Elbert Hampton was ever an  
13 employee of CVE?
- 14 A Yes, he was.
- 15 Q And in what capacity?
- 16 A He was the superintendent of servicemen.
- 17 Q Oh, okay. So he supervised all the  
18 servicemen, is that correct?
- 19 A Uh-huh.
- 20 Q Okay, roughly do you have any idea of  
21 when that was?
- 22 A I've been in engineering four years and he was gone  
23 before I came down there, so I don't--I don't know,  
24 I can't remember when he retired.
- 25 Q Okay, alright. Have you ever run across

1 any bills from Elbert Hampton in which he  
2 billed CVE?

3 A No.

4 Q Have you ever seen or otherwise learned  
5 of Elbert Hampton filling his personal  
6 vehicle with CVE gasoline?

7 A No.

8 Q Have you ever seen Elbert Hampton leaving  
9 the CVE warehouse with his arms full of  
10 materials and placing them into his  
11 personal vehicle?

12 A No.

13 Q Have you ever heard of a business named  
14 Hubbs Creek?

15 A I've heard of Hubbs Creek Mining. It's on our  
16 service at work.

17 Q When you say on the service, do you mean  
18 the CVE...

19 A On our electric, yeah, CVE provides power to.

20 Q Alright. Do you know whether--do you  
21 have any knowledge of whether a business  
22 called Hubbs Creek does any business with  
23 CVE?

24 A No.

25 Q Does the name Terry McCreary mean

- 1 anything to you?
- 2 A No.
- 3 Q Have you heard of a business called Air
- 4 Gas?
- 5 A No.
- 6 Q In your work in the billing or
- 7 engineering, did you ever learn of any
- 8 work that CVE conducted that may have
- 9 been unnecessary?
- 10 A No.
- 11 Q Have you ever attended a CVE annual
- 12 meeting and board of directors election?
- 13 A We work--I work the annual meeting.
- 14 Q Okay. Do you have any knowledge about
- 15 how an individual comes to be on the
- 16 board of directors?
- 17 A No.
- 18 Q At the annual meetings did you ever hear
- 19 any announcements being made to the CVE
- 20 members that it was time for the election
- 21 of the board of director members?
- 22 A During the annual meeting I'm not in the...
- 23 Q You're not in there?
- 24 Q ...gymnasium, we're out in the lobby.
- 25 Q So you weren't present for the actual

1 occurrence of the meeting?

2 A No.

3 Q You just help them plan it and...

4 A I don't plan it, we just work it. We work with the  
5 consumers out in the front lobby.

6 Q Okay, alright. Do you have any knowledge about the  
7 keeping of CVE corporate minutes?

8 A No.

9 Q Do you have any recollection about the  
10 sale of a truck once owned by CVE that  
11 was called truck No. 61?

12 A No.

13 Q Do you have any knowledge of any  
14 instances in which the company added  
15 money to work projects?

16 A No.

17 Q Are there any other relatives of Ted  
18 Hampton's who currently work at CVE or  
19 ever have?

20 A Not that I'm aware of.

21 Q Okay. You mentioned Jay and Elbert and  
22 Steve and Karen.

23 A You mentioned John Rex...

24 Q John Rex?

25 A ...and Elbert and Karen and Steve.

1 Q Okay, alright. Have you ever heard of a  
2 William Hampton?  
3 A Yes.  
4 Q Does he work for CVE?  
5 A Yes.  
6 Q What does he do?  
7 A He's a superintendent.  
8 Q In what area?  
9 A Servicemen and linemen.  
10 Q Okay. Is the CVE territory divided into  
11 two regions?  
12 A We have a district office in Cumberland.  
13 Q Is he over that office or the other one?  
14 A He's over the one at Gray.  
15 Q How long has William Hampton worked for  
16 the company?  
17 A I don't know. Longer than me, and I've been there  
18 20 years. I don't know.  
19 Q Okay. And do you know the nature of  
20 William Hampton's relation to Ted?  
21 A No, I don't.  
22 Q During the course of your employment with  
23 CVE did anyone ever ask you to do  
24 anything that you questioned or gave you  
25 any cause for concern?

- 1 A Not that I can recall.
- 2 Q Have you ever heard of CVE being referred  
3 to as Hampton Valley?
- 4 A No.
- 5 Q Is there any concern you would like to  
6 share with us?
- 7 A Not that I'm--none that--no.
- 8 Q None you can think of?
- 9 A Think of, huh-uh.
- 10 MR. COOK: Okay, that's all the questions  
11 I have right now.
- 12 CROSS EXAMINATION BY MR. HAUSER:
- 13 Q Just a couple of questions that I have, Teresa. In  
14 response to one of your questions about everybody  
15 who worked at Cumberland Valley with the Hampton  
16 name and they mentioned John Rex Hampton. Is your  
17 testimony that John Rex worked for Cumberland  
18 Valley?
- 19 A I didn't--I said--I didn't say John, I said...
- 20 Q Does John Rex work for Cumberland Valley?
- 21 A No.
- 22 Q Okay. His wife is an employee?
- 23 A He said John Rex, but I didn't.
- 24 Q Oh, okay.
- 25 MR. COOK: Right.

1 Q I just wanted to clarify that. How many years did  
2 you work in the engineering department?

3 A I've been there four years in engineering.

4 Q How many of those years did you work with  
5 Mr. Joe Carroll?

6 A Let's see, I guess about two and a half maybe.

7 Q He's testified earlier today that he  
8 worked at Cumberland Valley Electric from  
9 May 4, 1995, until July the 27th, 2004.

10 Does that sound--particularly the date  
11 that he left, does that sound accurate?

12 A I know he left in July, I remember that, of last  
13 year.

14 Q You say you worked with him. In what  
15 capacity did you work with Joe? How  
16 often--I mean, how would you see him,  
17 what kind of interaction would you have  
18 with Joe Carroll?

19 A He was my immediate supervisor. I worked with him  
20 in what we then called Turtlewares, our meter  
21 reading system.

22 Q Did Mr. Carroll work there at that office  
23 five days a week?

24 A No.

25 Q How many days a week did he work there,

1 to your knowledge?

2 A I don't know, some weeks you wouldn't see him at  
3 all and then some weeks you, you know, might see  
4 him three or four days.

5 Q Is this something that went on the entire  
6 time you worked in engineering with Mr.  
7 Carroll, or was it something that just,  
8 that work habit more toward the end of  
9 his employment?

10 A I think it was more toward the end.

11 Q Were there ever instances that you tried  
12 to get up with Mr. Carroll on his cell  
13 phone or whatever and could not get up  
14 with him?

15 A Yes.

16 Q How often did that happen?

17 A I don't know, pretty often. I don't...

18 Q Well, let me ask you this. When he was  
19 gone and you say he was gone sometimes  
20 for several days or a week at the time,  
21 did he ever call in to let you know where  
22 he was?

23 A On rare occasions he did, yes.

24 Q You say that you had--part of your job  
25 there was dealing with Hunt Technologies?

- 1 A Yes.
- 2 Q And did that involve the Turtles program?
- 3 A Yes.
- 4 Q Was Mr. Carroll in charge of that?
- 5 A Yes, he was.
- 6 Q Were you aware, did you have any
- 7 knowledge Mr. Carroll was actually
- 8 working for Hunt Technologies himself,
- 9 did you know that?
- 10 A Not at that time.
- 11 Q When did you learn of this, that he
- 12 worked?
- 13 A Soon after he was no longer with the company, they
- 14 came--Hunt Technologies came down and spent a day
- 15 with us, and that's when they told us that he had--
- 16 he had worked for them.
- 17 Q Prior to that for the three years you
- 18 worked with him, you had no idea he was
- 19 working for them?
- 20 A No.
- 21 Q What did Hunt Technologies say when they
- 22 came down to speak with you at Cumberland
- 23 Valley Electric?
- 24 A They just wanted us to know that they was there to
- 25 help us and--with any questions that we had with

1 the Turtleware or any kind of support that we  
2 needed. That hadn't--you know, hadn't always been--  
3 --when Joe was there I was never just allowed to  
4 pick up the phone and call them and ask them  
5 questions on support and stuff.

6 Q Why was that?

7 A He told me not to. Said if I had questions I was  
8 to come to him.

9 Q Give me an example of the questions that  
10 you might have that you wanted to call  
11 Hunt Technology about.

12 A If I had a substation I couldn't get to download,  
13 you should be able to call them and they can, you  
14 know, a lot of times work through it with you, but  
15 he didn't want that, he wanted me to come to him,  
16 he'd take care of it.

17 Q You hadn't talked to me about this  
18 testimony you were going to give today  
19 either, have you?

20 A No, I have not.

21 MR. HAUSER: Okay. I have no other  
22 questions.

23 MS. MITCHELL: I have no questions.

24 REDIRECT EXAMINATION BY MR. HOWARD:

25 Q Just one. What relation is Ted Hampton to John

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Rex?

A Brothers.

MR. HOWARD: I think that's all the questions we have. Thank you very much.  
(Deposition adjourned at 12:15 p.m.)

\* \* \* \* \*

STATE OF KENTUCKY

COUNTY OF KNOX

I, Virginia Bunch, the undersigned Notary Public within and for the State of Kentucky at Large, do hereby certify that the foregoing was heard before me on the date and for the purpose as set out in the caption thereto; that before testifying, the witness was, by me, duly sworn; that her testimony was taken down in shorthand and later reduced to typewriting, and the foregoing is a true and correct transcript of my notes; that no written request having been received by me, the deposition was not read or subscribed to by the witness.

Given under my hand this 28th day of January, 2006.

  
\_\_\_\_\_  
VIRGINIA BUNCH  
NOTARY PUBLIC  
STATE OF KENTUCKY AT LARGE

MY COMMISSION EXPIRES: May 30, 2008.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES )
OF CUMBERLAND VALLEY ) CASE NO. 2005-00187
ELECTRIC, INC., )

DEPOSITION OF TERESA GREGORY

\*\*\*\*\*

The deposition of TERESA GREGORY was taken before Virginia Bunch, a Notary Public within and for the State of Kentucky at Large, at the Knox County Public Library, 206 Knox Street, Barbourville, Kentucky, on Monday, December 19, 2005, at the hour of 11:45 a.m.

APPEARANCES: The Office of Attorney General was represented by Hon. Dennis G. Howard, II and Hon. Lawrence W. Cook, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204. The Kentucky Public Service Commission was represented by HON. ANITA MITCHELL, 211 Sower Boulevard, Frankfort, KY 40601. Cumberland Valley Electric was represented by HON. W. PATRICK HAUSER, P. O. Box 1900, Barbourville, KY 40906. Also present from the Office of Attorney General was Mr. Darvin E. Sebastian; from the Kentucky Public Service Commission Ms. Andrea Edwards and Mr.

\*\*\*\*\*
VIRGINIA BUNCH
BUNCH REPORTING & VIDEO
247 Steven Lane
Williamsburg, KY 40769-2633
(606) 786-0505
1-800-425-3132

1 TERESA GREGORY, having been first duly sworn by the
2 undersigned Notary Public, testified as follows:

3 DIRECT EXAMINATION BY MR. COOK:

4 Q Ms. Gregory, my name is Larry Cook, and I'm with
5 the Attorney General, Office of Rate Intervention.
6 Seated here to my right is Dennis Howard. He's my
7 boss at the same office. And we have--I'm going to
8 ask the other people just to introduce themselves,
9 if that's okay, Anita.

10 MS. MITCHELL: I'm Anita Mitchell,
11 representing the Public Service
12 Commission.

13 MS. EDWARDS: I'm Andrea Edwards with the
14 Public Service Commission.

15 MR. RUSSELL: Elie Russell with the
16 Kentucky Public Service Commission.

17 MR. HAMPTON: You know Pat and myself.

18 A I know Pat, yeah.

19 Q And you know Mr. Hauser?

20 MR. HAUSER: Pat Hauser.

21 Q And this is our court reporter.

22 MR. HAUSER: The gentleman that was here
23 earlier, he's...

24 MR. HOWARD: Darvin Sabastian is also
25 with the Attorney General's Office.

Elie Russell; from Cumberland Valley Electric Mr. James
Adkins.

\*\*\*\*\*

I N D E X

WITNESS: PAGE:
TERESA GREGORY:
Direct examination by Mr. Cook: 3-24
Cross examination by Mr. Hauser: 24-28
Redirect examination by Mr. Howard: 28-29
Reporter's Certificate: 29

1 He'll be back momentarily.

2 A I think I met him a moment ago out in the lobby.

3 Q That's right. Well, as you may know, Cumberland
4 Valley has requested a rate increase, an increase
5 from the Public Service Commission, and in the
6 course of this deposition we're going to be asking
7 some questions about Cumberland Valley's business
8 practices, and we're going to refer to Cumberland
9 Valley as CVE, okay? Now, if you don't understand
10 any questions I'm asking, feel free to speak up and
11 I'll rephrase it so you can understand. Otherwise,
12 we'll assume that you do understand the question.

13 A Okay.

14 Q Also, when you're giving a deposition like this,
15 you need to--if you say yes or no, sometimes if
16 you're like me you want to nod your head or shake
17 your head. You need to say it verbally.

18 A Okay.

19 Q Okay? And also from time to time some of
20 the attorneys may impose objections in
21 the record, and if that's the case we'll
22 just stop and let the attorney pose their
23 objection and state what their objection
24 is, but after they're finished you can go
25 ahead and answer the question, okay?

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Page 7

1 A Okay.

2 Q Alright. So having said that, we'll go ahead and

3 start. Do you realize that you're--first of all,

4 let me get you to spell your name for us.

5 A Whole name?

6 Q Yes.

7 A T-e-r-e-s-a, G-r-e-g-o-r-y.

8 Q And could you tell us your address?

9 A Physical?

10 A Yeah, your home address.

11 A 200 Youngs Creek Road, Corbin, Kentucky.

12 Q Thank you very much. And what's the zip

13 code?

14 A 40701.

15 Q Great. Do you realize that you're under oath?

16 A Yes.

17 Q Okay. Are you taking any medications or

18 any other substance that might prevent

19 you from providing honest and direct

20 answers today or which could interfere

21 with your recollection?

22 A No.

23 Q Okay, great. Thank you. Is your

24 presence here today in response to a

25 subpoena that was served upon you to

1 jobs, and I work with safety, and just different

2 jobs that the engineer or line superintendent needs

3 done.

4 Q Have you ever done anything else at CVE?

5 A Yeah, I worked in billing for sixteen years.

6 Q Okay. And when did you first start

7 working for CVE, about what year?

8 A Twenty years, so it's 1985.

9 Q Okay. What kind of bills did you receive

10 when you worked in the billing

11 department?

12 A I worked in the consumer billing department.

13 Q Oh, okay. In your job at CVE did you ever make any

14 payments to businesses and individuals who sent

15 billings to CVE?

16 A I worked with the material, like the line material

17 bills is the ones that I worked with.

18 Q What do you mean by the line material?

19 A Transformers, poles, wire.

20 Q Okay.

21 A That material that's needed to build jobs.

22 Q Okay, so if I understand correctly then, if there

23 is a CVE contractor doing construction work that

24 you might at one time have run across those bills,

25 is that right?

Page 6

Page 8

1 compel you to provide testimony?

2 A Yes.

3 Q Thank you. Could you tell us about your

4 educational background?

5 A I have one year of college.

6 Q Okay. Did you attend high school?

7 A Yes.

8 Q Okay, was that anywhere here locally?

9 A Knox County.

10 Q And what kind of courses are you studying

11 in college?

12 A Business.

13 Q Okay. And are you currently employed?

14 A Yes.

15 Q In what capacity?

16 A At Cumberland Valley Electric.

17 Q Okay, and what do you do there?

18 A I work with meter reading and with safety.

19 REPORTER: With what, safety?

20 A Safety.

21 MR. HAUSER: Excuse me, you might want to

22 speak up, Teresa, so we...

23 A Okay.

24 MR. HAUSER: So everything will...

25 A I work with meter reading system, is one of my main

1 A No.

2 Q Okay.

3 A This is only from vendors that we buy material

4 from.

5 Q Oh, okay. So you would buy--the company would buy

6 material from these vendors?

7 A Uh-huh.

8 Q And you would run across those bills

9 during the time that you were doing that?

10 A I still do that.

11 Q Oh, you still do, okay. What are some of

12 the vendors that you work with?

13 A Brownstown Electric, Electrical Sales, Tennessee

14 Valley, United Utility, Westco, Hunt Technologies,

15 Soloman, Baldwin Poles, High Tech Metering. That's

16 the gist of them.

17 Q Okay. Has Ted Hampton approached you

18 about your answers to the questions we

19 might pose to you today?

20 A No.

21 Q Okay. Has Mr. Hampton or anyone at his

22 behest either directly stated or in any

23 way insinuated that you should have

24 amnesia or otherwise be forgetful?

25 A No.

Page 9		Page 11	
1	Q Are you in fear of losing your job or any other adverse consequences if you provide truthful answers to these questions?	1	Q Do you know what kind of work?
2		2	A Clearing right-of-way is all I know.
3		3	Q Did you ever run across any bills that
4	A No.	4	Mr. Lay submitted on behalf of his
5	Q Have you--during the course of your	5	company?
6	employment with CVE did you have	6	A No.
7	opportunity to work with other CVE	7	Q Do you have any knowledge about the billing
8	employees?	8	arrangements between Mr. Lay and CVE?
9	A Yes.	9	A None at all.
10	Q Okay, who?	10	Q Do you know the basis of how Mr. Lay is
11	A Have I worked with since I've been there?	11	paid for the services he provides?
12	Q Yes.	12	A No.
13	A Present, past, all...	13	Q Do you know whether Mr. Lay and his
14	Q Well...	14	company provide the equipment they use to
15	A That I've worked directly with?	15	perform their services for CVE?
16	Q Sure, yeah.	16	A No.
17	A Okay, when I was in the billing department I worked	17	Q Are you familiar with an entity known as C&C
18	with Alma Martin, and she's retired; and Karen	18	Automotive Center?
19	Hampton and Rosetta Eaton, Linda White, and that's	19	A No.
20	the ones I worked with directly. And since I've	20	Q Did you ever run across any bills from
21	been in the engineering building, which has been	21	them?
22	four years, I've worked with Joe Carroll, and now	22	A No.
23	with Mark Abner and with Jay Hampton and with the	23	Q Do you have any knowledge regarding CVE's
24	three staking engineers, Donald Lynch, Randall	24	bidding practices?
25	Campbell and Chad Ferguson.	25	A I do on material.
Page 10		Page 12	
1	Q Alright. Did you also have opportunity to work	1	Q Okay, tell me how you--tell me the extent of your
2	with the manager, Ted Hampton?	2	knowledge on bidding practices for material.
3	A He's my boss, but I may not direct--you know.	3	A When Jay gives me his bid sheet then I send it out
4	Q Okay.	4	to five vendors. That's...
5	A Not on a, normally on a day to day basis.	5	Q Tell me what the bid sheet is.
6	Q Alright. During the course of your	6	A It's just the sheet of material that he needs.
7	employment at CVE did you have any	7	Q Okay.
8	opportunity to learn of the name of an	8	A He usually does it usually every week.
9	individual named Ken Lay?	9	Q Jay meaning Jay Hampton?
10	A Yes.	10	A Jay Hampton. And I send it out to Brownstown,
11	Q How did you run across his name?	11	Electrical Sales, Tennessee Valley, United Utility
12	A From him being in our office.	12	and Westco, and then on Thursday afternoon he sits
13	Q Was Ken Lay an employee of CVE during the time you	13	down and goes over the bids, tells me which ones to
14	worked there?	14	put on the PO's, and then he signs the PO's.
15	A Not that I'm aware of.	15	Q Okay. To your knowledge with any of the
16	Q Was he ever a CVE employee?	16	vendors with whom you're familiar, do any
17	A Not that I know of.	17	of them have on their staff any relatives
18	Q Do you know whether Mr. Lay owns a	18	of Ted Hampton?
19	business?	19	A No, none that I'm aware of.
20	A Yes.	20	Q Does Ted Hampton manage business
21	Q What is its name?	21	relations with CVE's contractors?
22	A Lay Tree & Brush I think.	22	A I wouldn't know. I would assume, but I don't know.
23	Q Okay. Does that business do work for	23	MR. HAUSER: I'm not sure I understand
24	CVE?	24	that question. What do you mean?
25	A Yes.	25	MR. COOK: Well, she said--she answered.

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Page 15

1 MR. HAUSER: Oh, okay. I didn't quite  
2 understand it myself.  
3 MR. COOK: I guess she understood.  
4 MR. HAUSER: Okay.  
5 Q In the course of your work at CVE did you ever  
6 learn of any pieces of equipment that came to your  
7 attention in particular?  
8 A What kind of...  
9 Q Well, for instance, a bulldozer?  
10 A No.  
11 Q Okay. Do you know whether CVE has a  
12 bulldozer?  
13 A No.  
14 Q You don't know, okay. Do you know who  
15 Ronnie Corey is?  
16 A Yes.  
17 Q How does--tell me, is he a friend of Ted  
18 Hampton's?  
19 A I don't know that.  
20 Q How did you come to know Ronnie Corey?  
21 A From doing contract work.  
22 Q What kind of contract work?  
23 A Building power lines and...  
24 Q Okay, does Mr. Corey own a company?  
25 A Yes.

1 A Yes.  
2 Q Is he related to Ted Hampton?  
3 A Yes.  
4 Q Is John Rex Hampton married?  
5 A Yes.  
6 Q What's his wife's name?  
7 A Karen.  
8 Q Does Karen work for CVE?  
9 A Yes.  
10 Q What does she do?  
11 A Assistant bookkeeper.  
12 Q Okay. Does J. R. Hampton now or has he  
13 at anytime ever worked for CVE?  
14 A I didn't understand the name. Who?  
15 Q John Rex Hampton, J. R. Hampton.  
16 A Oh, not that I'm aware of.  
17 Q Do you know whether J. R. Hampton has ever sent any  
18 billings to CVE?  
19 A I wouldn't know that.  
20 Q Okay. We discussed Karen Hampton and you  
21 said she's assistant bookkeeper, is that  
22 correct?  
23 A Yes.  
24 Q In her role does she have the ability to  
25 execute financial documents like payments

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Page 16

1 Q What is the name?  
2 A I think it's Five-C Construction. I'm not  
3 positive.  
4 Q Okay. And when you say construction, you're  
5 talking about of power lines?  
6 A I assume. I don't--I just--that's what I remember  
7 the name of it being.  
8 Q Okay.  
9 A Is that what you're asking me?  
10 Q Well, when you say assume, I guess we have to be  
11 careful about it, so.  
12 A Right.  
13 Q Do you have any facts--do you know  
14 anything for certain about that or...  
15 A No.  
16 Q Okay. Do you have any knowledge about  
17 billing arrangements for any occasions in  
18 which contractors might have used CVE  
19 equipment?  
20 A No.  
21 Q Do you know who the accountant for Five-C  
22 Construction is?  
23 A No.  
24 Q Are you familiar with an individual named  
25 John Rex Hampton?

1 to vendors?  
2 A I wouldn't know that.  
3 Q You don't know?  
4 A I don't really know. I know she does payroll.  
5 Other than that, I--I don't really know what her  
6 duties are.  
7 Q Okay. In the course of your work have  
8 you ever run across an entity, a business  
9 that was known as SECC?  
10 A No.  
11 Q Do you have any knowledge about an entity  
12 known as Southeast Petroleum?  
13 A No.  
14 Q Have you ever heard of a business called  
15 Southeast Petro Mart?  
16 A No.  
17 Q Have you ever heard of a business called  
18 Southeast Transport?  
19 A No.  
20 Q Did you know that in CVE's responses to  
21 the Attorney General's discovery request,  
22 the company stated that Ted Hampton was  
23 the owner of Southeast Transport?  
24 A I didn't know that.  
25 Q Okay. Have you ever seen any vehicles

1 owned by Southeast Transport?  
 2 A Not that I know of. I've never heard of the name  
 3 before.  
 4 Q Okay. Did you ever see any tractor  
 5 trailer trucks that were ever present on  
 6 CVE's property?  
 7 A No.  
 8 Q Okay.  
 9 A Just a consumer maybe, stopped by to pay their  
 10 electric bill in one.  
 11 Q Okay. Did you have any knowledge of a  
 12 business called Knox Auto Parts?  
 13 A Yes.  
 14 Q How did you come to know that business?  
 15 A Karen Hampton's husband, John Rex, owned it when I  
 16 started working there.  
 17 Q Do you know whether Knox Auto Parts ever  
 18 transacted business with CVE?  
 19 A I wouldn't know that.  
 20 Q Did you ever run across any bills from Knox Auto  
 21 Parts?  
 22 A No.  
 23 Q Have you ever heard of an individual  
 24 named Steve Hampton?  
 25 A Yes.

1 Q Okay. And do you know about when that  
 2 occurred?  
 3 A No, I don't. It's been a few years, but I don't  
 4 know when.  
 5 Q Do you know anything about how Elbert  
 6 came to be on the board?  
 7 A No.  
 8 Q Okay. Do you know whether Elbert Hampton  
 9 was ever involved in any other  
 10 businesses?  
 11 A No, I don't.  
 12 Q Do you know whether Elbert Hampton was ever an  
 13 employee of CVE?  
 14 A Yes, he was.  
 15 Q And in what capacity?  
 16 A He was the superintendent of servicemen.  
 17 Q Oh, okay. So he supervised all the  
 18 servicemen, is that correct?  
 19 A Uh-huh.  
 20 Q Okay, roughly do you have any idea of  
 21 when that was?  
 22 A I've been in engineering four years and he was gone  
 23 before I came down there, so I don't--I don't know,  
 24 I can't remember when he retired.  
 25 Q Okay, alright. Have you ever run across

1 Q How did you come across him? Have you  
 2 ever worked with him?  
 3 A He's a serviceman at work.  
 4 Q Okay, what does he do as a serviceman?  
 5 A Connects, disconnects, meter changes.  
 6 Q Okay.  
 7 A Outages, stuff like that.  
 8 Q Does Steve Hampton bear any relationship  
 9 with Ted Hampton?  
 10 A It's his nephew.  
 11 Q Do you know where CVE stores its records?  
 12 A No. What, business--what kind of records?  
 13 Q Any and all.  
 14 A I know there's some in the vault and some in the  
 15 basement, but as far as all of them, no, I wouldn't  
 16 know.  
 17 Q Have you ever heard of an individual  
 18 named Elbert Hampton?  
 19 A Yes.  
 20 Q Do you know what his relationship is with  
 21 Ted Hampton?  
 22 A Yes, his brother.  
 23 Q Okay. Did Elbert Hampton ever serve on  
 24 the board of directors of CVE?  
 25 A He does now.

1 any bills from Elbert Hampton in which he  
 2 billed CVE?  
 3 A No.  
 4 Q Have you ever seen or otherwise learned  
 5 of Elbert Hampton filling his personal  
 6 vehicle with CVE gasoline?  
 7 A No.  
 8 Q Have you ever seen Elbert Hampton leaving  
 9 the CVE warehouse with his arms full of  
 10 materials and placing them into his  
 11 personal vehicle?  
 12 A No.  
 13 Q Have you ever heard of a business named  
 14 Hubbs Creek?  
 15 A I've heard of Hubbs Creek Mining. It's on our  
 16 service at work.  
 17 Q When you say on the service, do you mean  
 18 the CVE...  
 19 A On our electric, yeah, CVE provides power to.  
 20 Q Alright. Do you know whether--do you  
 21 have any knowledge of whether a business  
 22 called Hubbs Creek does any business with  
 23 CVE?  
 24 A No.  
 25 Q Does the name Terry McCreary mean

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1 anything to you?  
 2 A No.  
 3 Q Have you heard of a business called Air  
 4 Gas?  
 5 A No.  
 6 Q In your work in the billing or  
 7 engineering, did you ever learn of any  
 8 work that CVE conducted that may have  
 9 been unnecessary?  
 10 A No.  
 11 Q Have you ever attended a CVE annual  
 12 meeting and board of directors election?  
 13 A We work--I work the annual meeting.  
 14 Q Okay. Do you have any knowledge about  
 15 how an individual comes to be on the  
 16 board of directors?  
 17 A No.  
 18 Q At the annual meetings did you ever hear  
 19 any announcements being made to the CVE  
 20 members that it was time for the election  
 21 of the board of director members?  
 22 A During the annual meeting I'm not in the...  
 23 Q You're not in there?  
 24 Q ...gymnasium, we're out in the lobby.  
 25 Q So you weren't present for the actual

1 Q Okay, alright. Have you ever heard of a  
 2 William Hampton?  
 3 A Yes.  
 4 Q Does he work for CVE?  
 5 A Yes.  
 6 Q What does he do?  
 7 A He's a superintendent.  
 8 Q In what area?  
 9 A Servicemen and linemen.  
 10 Q Okay. Is the CVE territory divided into  
 11 two regions?  
 12 A We have a district office in Cumberland.  
 13 Q Is he over that office or the other one?  
 14 A He's over the one at Gray.  
 15 Q How long has William Hampton worked for  
 16 the company?  
 17 A I don't know. Longer than me, and I've been there  
 18 20 years. I don't know.  
 19 Q Okay. And do you know the nature of  
 20 William Hampton's relation to Ted?  
 21 A No, I don't.  
 22 Q During the course of your employment with  
 23 CVE did anyone ever ask you to do  
 24 anything that you questioned or gave you  
 25 any cause for concern?

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1 occurrence of the meeting?  
 2 A No.  
 3 Q You just help them plan it and...  
 4 A I don't plan it, we just work it. We work with the  
 5 consumers out in the front lobby.  
 6 Q Okay, alright. Do you have any knowledge about the  
 7 keeping of CVE corporate minutes?  
 8 A No.  
 9 Q Do you have any recollection about the  
 10 sale of a truck once owned by CVE that  
 11 was called truck No. 61?  
 12 A No.  
 13 Q Do you have any knowledge of any  
 14 instances in which the company added  
 15 money to work projects?  
 16 A No.  
 17 Q Are there any other relatives of Ted  
 18 Hampton's who currently work at CVE or  
 19 ever have?  
 20 A Not that I'm aware of.  
 21 Q Okay. You mentioned Jay and Elbert and  
 22 Steve and Karen.  
 23 A You mentioned John Rex...  
 24 Q John Rex?  
 25 A ...and Elbert and Karen and Steve.

1 A Not that I can recall.  
 2 Q Have you ever heard of CVE being referred  
 3 to as Hampton Valley?  
 4 A No.  
 5 Q Is there any concern you would like to  
 6 share with us?  
 7 A Not that I'm--none that--no.  
 8 Q None you can think of?  
 9 A Think of, huh-uh.  
 10 MR. COOK: Okay, that's all the questions  
 11 I have right now.  
 12 CROSS EXAMINATION BY MR. HAUSER:  
 13 Q Just a couple of questions that I have, Teresa. In  
 14 response to one of your questions about everybody  
 15 who worked at Cumberland Valley with the Hampton  
 16 name and they mentioned John Rex Hampton. Is your  
 17 testimony that John Rex worked for Cumberland  
 18 Valley?  
 19 A I didn't--I said--I didn't say John, I said...  
 20 Q Does John Rex work for Cumberland Valley?  
 21 A No.  
 22 Q Okay. His wife is an employee?  
 23 A He said John Rex, but I didn't.  
 24 Q Oh, okay.  
 25 MR. COOK: Right.

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1 Q I just wanted to clarify that. How many years did  
2 you work in the engineering department?  
3 A I've been there four years in engineering.  
4 Q How many of those years did you work with  
5 Mr. Joe Carroll?  
6 A Let's see, I guess about two and a half maybe.  
7 Q He's testified earlier today that he  
8 worked at Cumberland Valley Electric from  
9 May 4, 1995, until July the 27th, 2004.  
10 Does that sound--particularly the date  
11 that he left, does that sound accurate?  
12 A I know he left in July, I remember that, of last  
13 year.  
14 Q You say you worked with him. In what  
15 capacity did you work with Joe? How  
16 often--I mean, how would you see him,  
17 what kind of interaction would you have  
18 with Joe Carroll?  
19 A He was my immediate supervisor. I worked with him  
20 in what we then called Turtlewares, our meter  
21 reading system.  
22 Q Did Mr. Carroll work there at that office  
23 five days a week?  
24 A No.  
25 Q How many days a week did he work there,

1 A Yes.  
2 Q And did that involve the Turtles program?  
3 A Yes.  
4 Q Was Mr. Carroll in charge of that?  
5 A Yes, he was.  
6 Q Were you aware, did you have any  
7 knowledge Mr. Carroll was actually  
8 working for Hunt Technologies himself,  
9 did you know that?  
10 A Not at that time.  
11 Q When did you learn of this, that he  
12 worked?  
13 A Soon after he was no longer with the company, they  
14 came--Hunt Technologies came down and spent a day  
15 with us, and that's when they told us that he had--  
16 he had worked for them.  
17 Q Prior to that for the three years you  
18 worked with him, you had no idea he was  
19 working for them?  
20 A No.  
21 Q What did Hunt Technologies say when they  
22 came down to speak with you at Cumberland  
23 Valley Electric?  
24 A They just wanted us to know that they was there to  
25 help us and--with any questions that we had with

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1 to your knowledge?  
2 A I don't know, some weeks you wouldn't see him at  
3 all and then some weeks you, you know, might see  
4 him three or four days.  
5 Q Is this something that went on the entire  
6 time you worked in engineering with Mr.  
7 Carroll, or was it something that just,  
8 that work habit more toward the end of  
9 his employment?  
10 A I think it was more toward the end.  
11 Q Were there ever instances that you tried  
12 to get up with Mr. Carroll on his cell  
13 phone or whatever and could not get up  
14 with him?  
15 A Yes.  
16 Q How often did that happen?  
17 A I don't know, pretty often. I don't...  
18 Q Well, let me ask you this. When he was  
19 gone and you say he was gone sometimes  
20 for several days or a week at the time,  
21 did he ever call in to let you know where  
22 he was?  
23 A On rare occasions he did, yes.  
24 Q You say that you had--part of your job  
25 there was dealing with Hunt Technologies?

1 the Turtleware or any kind of support that we  
2 needed. That hadn't--you know, hadn't always been--  
3 --when Joe was there I was never just allowed to  
4 pick up the phone and call them and ask them  
5 questions on support and stuff.  
6 Q Why was that?  
7 A He told me not to. Said if I had questions I was  
8 to come to him.  
9 Q Give me an example of the questions that  
10 you might have that you wanted to call  
11 Hunt Technology about.  
12 A If I had a substation I couldn't get to download,  
13 you should be able to call them and they can, you  
14 know, a lot of times work through it with you, but  
15 he didn't want that, he wanted me to come to him,  
16 he'd take care of it.  
17 Q You hadn't talked to me about this  
18 testimony you were going to give today  
19 either, have you?  
20 A No, I have not.  
21 MR. HAUSER: Okay. I have no other  
22 questions.  
23 MS. MITCHELL: I have no questions.  
24 REDIRECT EXAMINATION BY MR. HOWARD:  
25 Q Just one. What relation is Ted Hampton to John

1 Rex?  
 2 A Brothers.  
 3 MR. HOWARD: I think that's all the  
 4 questions we have. Thank you very much.  
 5 (Deposition adjourned at 12:15 p.m.)  
 6 \*\*\*\*\*  
 7 STATE OF KENTUCKY  
 8  
 9 COUNTY OF KNOX  
 10  
 11 I, Virginia Bunch, the undersigned Notary Public  
 12 within and for the State of Kentucky at Large, do hereby  
 13 certify that the foregoing was heard before me on the date  
 14 and for the purpose as set out in the caption thereto; that  
 15 before testifying, the witness was, by me, duly sworn; that  
 16 her testimony was taken down in shorthand and later reduced  
 17 to typewriting, and the foregoing is a true and correct  
 18 transcript of my notes; that no written request having been  
 19 received by me, the deposition was not read or subscribed to  
 20 by the witness.  
 21 Given under my hand this \_\_\_\_\_ day of January,  
 22 2006.  
 23  
 24  
 25 \_\_\_\_\_  
 26 VIRGINIA BUNCH  
 27 NOTARY PUBLIC  
 28 STATE OF KENTUCKY AT LARGE  
 29 MY COMMISSION EXPIRES: May 30, 2008.  
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